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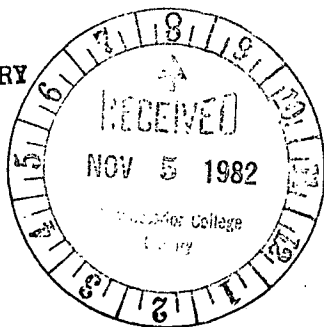
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NOVEMBER, 1982

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How East Europe is reacting to economic problems and to the political turmoil in Poland are among the topics discussed in this issue. Our introductory article looks at the importance of the Warsaw Pact, pointing out that "in an age of global coalitions—a dominant Soviet strategic perspective—the Pact cannot be allowed to wither away. For all its faults and faltering, the Pact still has its uses."

Stability in the Warsaw Pact?

BY JOHN ERICKSON

Director of Defence Studies, University of Edinburgh

FOR all the animosity that prevails between East and West, there is at least one thin thread of mutuality: the alliance systems of both sides, NATO (North Atlantic Treaty Organization) and the Warsaw Pact, are in visible disarray. Distress signals are flying in several directions, and statements designed to reassure do little or nothing to dispel the sense of strain. Senator Charles Percy (R., Ill.), chairman of the Senate Foreign Relations Committee, emphasizes that "NATO is not now in a crisis" but somberly adds that it could easily be pushed into one. The "two-way street," intended to spread the economic benefits of rearmament, has become a highway for recrimination and reproof. European attitudes irritate and even antagonize the United States Congress, which duly responds with proposals whose net effect is merely to promote further alienation or misgivings on the part of the Europeans.

The issues cannot really be accounted new, although the guises in which they appear have a hint of the novel.¹ The credibility of the United States commitment to Europe, a perennial debating point, has again been highlighted as American global perspectives and commitments appear to clash with European regionalism (indeed, some might say, parochialism). Thus the notion that the United States should implement a global strategy based on sea power and utilize power

projection from the sea, recently expounded by Senate Armed Services Committee consultant Jeffrey Record and retired Admiral Robert J. Hanks, has as its inevitable corollary United States troop withdrawals from Europe and Asia alike.² Unsettling though that prospect may be, in paradoxical fashion the very elaboration of American warfighting capabilities in the European theater—surely one earnest of American commitment—has generated more acrimony and obloquy. Further, the modernization of theater nuclear forces, undertaken initially at the behest of worried Europeans, has also become a source of friction and tortuous negotiation, not to mention bruised feelings over the relative advantage (or disadvantage) in arms production, the "two-way street" that appears to many to have become an unpromising cul-de-sac.

Looking eastward to the Warsaw Pact, the problems of alliance cohesion do not seem to be appreciably easier. Again, long-standing discrepancies and discriminations rather than radically new issues have induced unsuspected difficulties. Both alliance systems are apparently subject to a singular strain: their predominant powers, the United States and the Soviet Union, are embarking on what is at least a shake-up in their strategic concepts if not a thoroughgoing revision of strategic preferences. For the United States, the choice is relatively clear; there is within NATO as it presently stands no alternative to American leadership, the cost being some 40-60 percent of the American defense budget (\$133 billion as of October 1, 1982).

The Soviet predicament is of a different order, because of the distinctive structure of the Pact (itself largely a Soviet artifact) and because the Polish crisis—ripping a huge gash in the political and military facade of the Pact—has far-reaching implications. This is not

¹See Lawrence S. Kaplan and Robert W. Clawson, eds., *NATO After Thirty Years* (Wilmington: Scholarly Resources, Inc., 1981); also Gavin Kennedy, *Burden Sharing in NATO* (London: Duckworth, 1979). In general, disputed issues have been identified as credibility of nuclear posture, burden-sharing, and "out-of-area" problems.

²A two-part study, *US Strategy at the Crossroads* (Cambridge, Mass.: Institute of Foreign Policy Analysis).

to raise the cry that the Warsaw Pact is on the point of actual disintegration but to affirm that the Polish debacle, combined with the Soviet emphasis on "larger-scale forms of military operations," operations on a strategic scale within given theaters of military operations (TVD's), brings into sharpest relief the question of furnishing and sustaining the main effort, either by beefing up the Soviet component or by spreading part of the load among the non-Soviet elements.³

The structure of the Pact is informative, although a table of organization does not disclose the nature of the system. Since 1969 and the "Budapest reforms," the highest military organ of the Pact has been the committee of defense ministers. The Warsaw Pact commander in chief (Marshal Viktor G. Kulikov) and the chief of staff/joint armed forces (Army General Anatoly Gribkov) are members supported by the chiefs of staff of the national military establishments. Designed to give non-Soviet states a greater say in military matters, the ministerial committee is supplemented by the military council, another body freshly

³For a discussion of the place of coalition warfare waged with coalition military forces, see Colonel General G.F. Vorontsov, *Voennye koalitsii i koalitsionnye voyny* (Moscow: Voenizdat, 1976), pp. 340 *passim*; also V.F. Samoilenko, *Osnova boevogo soyuza*. Internatsionalizm kak faktor oboronnoi moshchi sotsialisticheskovo sodrushestva (Moscow: Voenizdat, 1981). See also Lt. General S. Radzievskii, "Voennoe sotrudnichestvo i soglasovanie usili stran antigitlerovskoi koalitsii," *Voenno-istoricheskii Zhurnal*, no. 6, 1982, pp. 48-54 on Soviet-directed "coalition forces," Polish, Czech, Romanian, Bulgarian, and liaison with the Yugoslavs.

⁴On Pact organization, see Robin Alison Remington, *The Warsaw Pact* (Cambridge, Mass.: MIT Press, 1971); Stephan Tiedtke, *Die Warschauer Vertragsorganisation* (Munich: Oldenbourg Verlag, 1978); Robert W. Clawson and Lawrence S. Kaplan, eds., *The Warsaw Pact: Political Purpose and Military Means* (Wilmington: Scholarly Resources, 1982), pp. 3-63; also Appendix A (pp. 151-156) in A. Ross Johnson et al., *East European Military Establishments: The Warsaw Pact Northern Tier* (New York: Crane Russack, 1982).

⁵See the unique and indispensable studies by Michael Checinski that illuminate the hugely neglected field of Pact military-industrial/military-economic affairs, *The Costs of Armament Production and the Profitability of Armament Exports in COMECON Countries* (Jerusalem: Hebrew University Research Paper no. 10); also *Osteuropa-Wirtschaft*, vol. 20, no. 2, June, 1975, pp. 117-142. One of the most valuable studies written on the Pact is Checinski's *A Comparison of the Polish and Soviet Armaments Decisionmaking Systems*, RAND Corporation, Report R-2662-AF, Jan., 1981 (pp. 18-19, on the Pact Military-Technical Committee, organization, personnel).

⁶See Malcolm Mackintosh, "Military Considerations in Soviet-East European Relations," in Karen Dawisha and Philip Hanson, eds., *Soviet-East European Dilemmas* (London: RIIA/Heinemann, 1981), p. 138.

⁷See Lawrence T. Caldwell, "The Warsaw Pact: Directions of Change," *Problems of Communism*, Sept.-Oct., 1975, pp. 2-10. See also Colonel V. Semin, "Voenno-politicheskie oboronitel'nyi soyuz stran sotsializma i voevoe sodrushestvo ikh voorzhenykh sil kak o'bekt issledovaniya," *VIZ*, no. 7, 1982, pp. 67-74 (bibliographical survey, useful references).

created in 1969 under the permanent chairmanship of the Pact's commander in chief, who is assisted by the Pact chief of staff and is attended by non-Soviet deputy commanders. The Pact high command consists, in formal terms, of a Soviet commander in chief assisted by these consultative organs, the ministerial committee and the council, both of which appear to concern themselves mainly with training and organization in general.⁴

Serving in direct subordination to the commander in chief, the joint staff, established in 1969, consists of the chief of staff assisted by deputy chiefs of staff from the member nations, plus a Soviet political officer. The joint staff is officially designated as the administrative organ of the commander in chief and is responsible for organizing the meetings of the defense ministers council and the military council. It is, therefore, a headquarters staff in a formal sense, and its headquarters functions include the coordination of the various Soviet military missions and "Soviet Representatives" distributed throughout East Europe, with Soviet officers "co-located" in the national Ministries of Defense. In addition, the Pact has its own inspector general (again, a Soviet senior officer) and a military-technical committee (with a Soviet general at its head) to regulate both military research and development and military production within the Pact, linked with the military-industrial committee of East Europe's COMECON (Council for Mutual Economic Assistance).⁵

Viewed historically, this is simply an extension and expansion of the arrangements that have prevailed since the early 1950's, when the tenth directorate of the Soviet general staff was charged with the supervision of the bilateral Soviet-East European treaties (and with a watching brief over East Germany). The net result over the years has been the development of a large multinational staff attached to the Soviet Ministry of Defense.⁶ A certain elaboration came with the creation of the Pact proper, when in 1955 a political consultative committee was formed, together with a joint command of joint (Pact) forces, the latter comprising the Pact commander-in-chief and East European Defense Ministers as deputy commanders. In addition, a place was found automatically for the head of the Soviet *PVO Strany* (Homeland Air Defense) within the joint staff. The subordination was obvious, and it appears to have been injurious to national feeling. Defense Ministers were accountable to a commander in chief holding only the position of a Deputy Defense Minister. A certain leveling out came in 1969 when East European Deputy Ministers replaced the Defense Ministers.⁷

The principle of joint armed forces was also established at the time of the signing of the Warsaw Treaty. Article Five signified the assent of the contracting parties to the assignment—by agreement—of national

units to the joint command, which would in turn "function on the basis of jointly established principles"—a vacuous formulation which could mean anything. What has transpired in practice is of a different order; even if the term joint is rendered as unified, this does not signify integrated forces, since on both Soviet and non-Soviet (Pact) testimony these assigned or earmarked contingents remain under their own national deputy commander and are responsive to national control. In effect, as Pact commander in chief Marshal Kulikov has direct control over only the 30 divisions of the four Soviet groups of forces (GSFG, Northern, Central and Southern) plus the *Nationale Volksarmee* (NVA) of the German Democratic Republic, although here national control is once more asserted at divisional level and below.

It is obvious that we must look elsewhere for the operational command structure of the Warsaw Pact. Integration in any real sense can be said to exist only with respect to air defense, both for early warning and defense of air space. It remains to be seen whether the recent Soviet reorganization of the *PVO Strany* (Homeland Air Defense) into Air Defense Troops (*Voiska PVO*) will affect non-Soviet systems; but since the Soviet move foreshadowed an expansion of air defense capability it is likely that the Pact will be similarly affected. Attack helicopters on the battlefield and cruise missiles penetrating at low altitude are not likely to respect national sensitivities.

Specialization rather than integration within one Soviet-directed system—as in the case of strategic air defense—is more the hallmark of the Pact's non-Soviet air forces, equipped as they are with Soviet aircraft and trained in Soviet operational doctrine. The mod-

ernization of the non-Soviet tactical air force is proceeding (costly though it is), with the MiG-23 going to East Germany and Czechoslovakia.⁸ Nor is it likely that the non-Soviet air forces will remain unaffected by yet another Soviet reorganization, changes in the Soviet air force that include the displacement of the "air army" (like the Sixteenth Air Army in GSFG) in favor of what look increasingly like theater or sector strike commands, a move greatly facilitated by the rapid introduction of multipurpose aircraft with appreciable improvements in performance.⁹

Last but by no means least in this sphere of specialized forces or specialized integration are the East German and Polish naval forces, admirably fitted to provide support (such as minesweeping and amphibious forces) to overall Soviet naval activity in the Baltic and in European coastal waters.¹⁰

That an operational command structure does exist (as might have long been suspected) is borne out by recent disclosures of command positions held by senior Soviet officers. Commander in chief Marshal Kulikov continues the unbroken tradition of a Soviet officer as overall commander; Army General Gribkov is chief of the joint staff, assisted by Lieutenant General N.N. Tereshchenko as his immediate deputy (plus Lieutenant General Merezhko); Air Marshal Aleksandr Koldunov is head of *Voiska PVO* in command of the integrated strategic air defense system; Aviation Colonel General V.V. Katrich commands the Pact air forces; and Admiral V.V. Mikhailin commands joint naval forces.

Modernization in weapons systems has evidently been accompanied by an uprating of professional competence and experience. Tereshchenko, for example, came from his post as Chief of Staff/Belorussian Military District, which is no sinecure. A noteworthy arrival is Lieutenant General G. Khoreshko to the post of Assistant to the Commander in Chief for Rear Services/Logistics. These appointments cannot really be described as command cosmetics, a tart phrase used to describe the effect of the 1969 reforms in the Pact.

FORCE MAKEUP

What, then, do these senior commanders command? Before the onset of the Polish crisis, that question could have been answered with a relative degree of certainty, assuming that the Joint Armed Forces included the four Soviet Groups of Forces deployed forward, the six divisions of the NVA (which could be brought up to eight divisions with the operational activation of the East German border troops) and the operational component of the Polish armed forces, sometimes estimated as the equivalent of three field armies. (The Polish army was subdivided into two components, one an operational force for Pact missions, the other a territorial/home defense force, the OTK, which represented a concession to Polish con-

⁸See Robert W. Clawson, "Warsaw Pact Air Forces," in *The Warsaw Pact*, pp. 251-273. My own calculations give a figure of 2,644 aircraft for operational use (including the Hungarian Air Force, plus Naval Aviation and 50 bombers of LRA assigned a conventional role; going as far as the Urals, the figure rises to 4,370 combat aircraft. As for the argument over the respective positions of interceptor/Frontal Aviation, with the latter "gaining," the introduction of larger numbers of multipurpose aircraft makes this a rather artificial disputation.

⁹I am far from clear about the implications of recent restructuring in Soviet air. Air assets in MD's (military districts) have been reorganized (first in the Baltic and the Carpathian MD's), thus replacing the "air army" organization by an "air force" (VVS) designation, possibly comprising all wartime/operational air assets. New aircraft coming into service include MiG-25M, SU-27 interceptor/air superiority fighter, SU-25 close air support aircraft, MiG-29 (possible follow-on to MiG-23). Production of the interceptor models suggests that the Soviet command is not convinced of the overall reliability of surface-to-air defensive systems. A strategic bomber and a specialized high altitude reconnaissance aircraft are being developed; 200 BACKFIRES are currently in service.

¹⁰See Louis J. Andolina, "Warsaw Pact Sea Power," in *The Warsaw Pact*, pp. 195-211.

cern over the security of Polish territory.)¹¹ Thus before Poland erupted, the Soviet theater commander (with his air and naval counterparts) could reckon from the nominal Polish order of battle of 15 divisions—five tank, eight motorized rifle divisions, with an airborne and amphibious division—on at least three or four tank divisions and three motor-rifle divisions, plus specialized units, naval support and a large tactical air reserve with over 800 aircraft. One tank division and five motor-rifle divisions could well be held back as a reserve or for home defense.

POLISH CAPABILITIES

The continuing Polish crisis does not mean the total withdrawal of Polish military capability from the Pact. But with 73 percent of the Polish Army consisting of conscripts (many flaunting Solidarity badges), and all staring glumly at the prospect of extended martial law in Poland, it is hardly to be expected that Poland's force will be suffused with martial vigor. There can be little consolation in the fact that General Wojciech Jaruzelski has garnered more power (or appointments) to himself than any man since Joseph Stalin. And while much has been made of the role of the Polish Army in salvaging Polish national integrity and protecting Polish national honor, it cannot have escaped the attention of most observers that this group of Polish generals is an artificial creation. Most of them are between 56 and 60 years of age, were members of the Polish army on Soviet soil during World War II, were trained in Soviet staff colleges and were associated with the suppression of the anti-Communist Polish underground after the war in the years between 1946 and 1948.¹²

Their record does not inspire wholehearted confidence in their concern for the fate of Poland: most,

¹¹Expertly discussed and analyzed in A. Ross Johnson et al., *East European Military Establishments: The Warsaw Pact Northern Tier* (RAND Report R2417/1-AF/FF), Dec., 1980, pp. 33-37.

¹²For details of commanders/actions see *Z walk przeciwko zbrojnemu podziemiu 1944-1947* (Warsaw: MON, 1966).

¹³Discussed in Richard D. Anderson, "Soviet Decision-Making and Poland," *Problems of Communism*, March-April, 1982, pp. 22-36; this is an impressive analysis but there are grounds for disputing Ivanovskii's place as a "prominent loser" in the transfers. It is equally plausible to suggest that Ivanovskii was moved to become a possible "north-west theatre commander" in the event of military action in Poland—and he is still in position.

¹⁴Neal Ascherson, *The Polish August* (London: Penguin Books, 1981), *passim*; Roman Stefanowski, *Poland: A Chronology of Events (February-December, 1981)*, Radio Free Europe, RAD Background Report/Chronology, contd.; also J.B. de Weydenthal, *Anatomy of the Martial Law Regime: The Institutions*, Radio Free Europe Research, RAD Report no. 32, Feb. 2, 1982. The Polish steel industry and mines are now under military control and half the provinces are run by military commissars, with more military presence in central government.

if not all, of them are political soldiers, in that they held previous appointments as political officers in Polish training establishments, the royal road to reliability. In fact, so important are these associations and connections that a senior Polish general (now in the West) has asserted that the Polish Army is engaged in a Warsaw Pact operation, not the *sancta simplicitas* of saving Polish honor and territorial integrity.

That does not mean a dire and direct Soviet hand but a Pact complot, outflanking the Polish Army proper. Simple common sense suggests that the *stan wojenny* (state of war, technically a state of emergency) could not have been implemented without Soviet cognizance, even connivance. Senior Soviet officers maintained close contact with the Polish Generals E. Molczyk and J. Baryla, while the Chief of the Polish General Staff, General Florian Siwicki, was in Moscow not long before the military takeover. Twice the Soviet leadership reportedly mooted military intervention, reshuffling its western theater command to align commanders,¹³ but in the late spring of 1981 a Polish plan was apparently developed to control the situation, and in the early summer Polish Army operational groups began to deploy.¹⁴

THE PRICE OF MILITARY INTERVENTION

What havoc military intervention can wreak has been shown in doleful fashion in Czechoslovakia. There, a once highly proficient and well-equipped military establishment came close to disintegration; the shortage of competent officers and the reduction in the size of the Czechoslovak army (and the virtual halving of the strength of the air force) have deflated what was previously an impressive order of battle. A few Czechoslovak divisions might be assigned to the first Soviet assault echelon. But Czechoslovak divisions are no longer assigned to a major axis of advance running along a line from Pilsen to Coblenz, which is manifestly beyond the capabilities of the Czech forces at this juncture.

By rough reckoning, the Soviet command might be able to reckon on four or five Czechoslovak divisions, split up and bonded with Soviet units, useful in the first phase of an offensive operation (possibly to "snag" the German corps in the southeast). Soviet-Czech missile brigades, artillery brigades, engineer and transport units might have their use, but the full weight of major operations would surely have to fall on the Soviet central group. With its corps headquartered at Olomouc and its heavy concentration of independent assets, the

(Continued on page 385)

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"'Socialist economic integration' has apparently been modest at best. Institutional differences, inertia and vested interests have constrained the integration process and have demonstrated that, like most important goals in centrally planned economies, it must be planned by the state at the highest levels and enforced at the intermediate and lowest levels."

Trade and Integration in East Europe

BY ROGER SKURSKI

Associate Professor of Economics, University of Notre Dame

THE past decade has witnessed important changes in the economies of East European countries and in the relations of these countries with the rest of the world. The result has been a significant expansion of trade and international economic relations involving the nations of East Europe and the Soviet Union as well. The number, size, variety and complexity of economic agreements have increased dramatically since the dawn of détente in the early 1970's. Détente, however, faltered in recent years when the political relationship between the United States and the Soviet Union cooled because of the Soviet invasion of Afghanistan, the crackdown in Poland, disagreements on human rights and the breakdown of the SALT (Strategic Arms Limitation Treaty) talks. In the meantime, the hard currency debt of the Soviet bloc shot up dramatically; and the Comecon (Council for Mutual Economic Assistance or CMEA)¹ countries found that their economies were more vulnerable to outside forces as autarky waned and interdependence spread.

The economic integration of East Europe has been a long-time goal of Comecon, but progress in this area has been limited by many political and economic factors. During the 1970's, integration slowed as East-West relations improved, but in the 1980's a deteriorating East-West political climate and stagflation in the West may provide a new impetus for economic integration (or reintegration) within the bloc. However, it remains to be seen whether the U.S.S.R. and East Europe can overcome the obstacles that continue to plague their regional integration efforts.

Until recently, the influence of foreign economic

¹Comecon includes Mongolia (1962), Cuba (1972), and Vietnam (1978) as full members and Yugoslavia (1964) as an associate member, but in this article attention will be restricted to the six European members—Bulgaria, Czechoslovakia, East Germany, Hungary, Poland and Romania—and, to some extent, the Soviet Union.

²Morris Bornstein, "Soviet-East European Economic Relations," in Morris Bornstein, Zvi Gitelman and William Zimmerman, eds., *East-West Relations and the Future of Eastern Europe* (London: George Allen and Unwin, 1981), pp. 105-106.

relations on the Soviet economy has been rather minor, and this is similar to the situation in the United States. The size, structure and resource endowments of these economies contribute to this, but in the Soviet case it has also been the result of a conscious pursuit of a large measure of self-sufficiency. Since the mid-1950's, however, the role of foreign trade has markedly increased in the U.S.S.R. and in the other members of Comecon, where the strategy of autarky was much less feasible. Since then, the foreign trade of these countries has increased at more than 10 percent per year, and trade now occupies a far more important position in their economies. In terms of commodities, by 1980, CMEA as a whole had become a net exporter of fuels, raw materials and foods and a net importer of industrial machinery and industrial consumer products.

The Comecon countries of Europe import mainly fuels and raw materials from the U.S.S.R. and export machinery, equipment, manufactured consumer goods and some food products. Among themselves, the East Europeans exchange mainly manufactured products—machinery, equipment, semifabricates and consumer products.²

The U.S.S.R. is the dominant trading partner for all these countries (except Romania) for economic as well as political reasons. The fact that the Soviet economy is so much larger than all the East European economies put together makes the U.S.S.R. the big regional supplier and customer. As a result, a radial pattern of bilateral trade emerges; each of the six orients its trade toward the Soviet Union. The trade pattern is also asymmetrical in terms of traded goods: Soviet exports to these countries consist largely of hard goods, like fuels and raw materials, which they cannot obtain in world markets because they lack convertible currency, while East Europe exports mainly soft goods to the Soviet Union, like outmoded machinery and low quality consumer goods, which are difficult to sell to the West. The upshot is that this trade is not crucial for the Soviet economy, but "all aspects of trade with the U.S.S.R.—the level, the composition, the terms,

and the balance and how it is financed—are critical for the economic development of Eastern Europe.”³

In the early postwar period, the Soviet Union reaped significant net benefits from East Europe, because of war reparations, deliveries by Soviet-controlled joint-stock companies, and favorable terms of trade. Later, the situation was reversed; the terms of trade changed in favor of East Europe mainly because of the gap between intra-CMEA prices for energy and raw materials and because of the rapidly increasing world market prices on which CMEA prices were calculated and which were changed only at five-year intervals. Thus, the East Europeans enjoyed a huge Soviet subsidy, estimated by United States officials at \$5 billion-\$6 billion a year in the mid-1970's, \$10 billion in 1979 and \$22 billion in 1980.⁴ The low-priced fuel encouraged East Europe to invest in energy-intensive projects that have become a substantial burden, because the intra-CMEA pricing system has been modified to reflect more quickly world price trends like that generated by the worldwide oil crisis. As a result, the economic relationship between East Europe and the Soviet Union has been reversed once again in favor of the U.S.S.R.

To reduce the burden of the new prices, the Soviet Union has extended substantial credit to East Europe:

Simultaneously third world members of Comecon such as Vietnam and Cuba continue to maintain a huge appetite for aid. Small wonder that the Russians have been trying to put off paying debts that have fallen due.⁵

Nevertheless, as Morris Bornstein has pointed out, even with credits and possible Soviet concessions on primary products, “one of the most severe problems for Eastern Europe in the 1980's will be the quantity and price of energy imports from the USSR.”⁶

CMEA countries have consistently transacted around three-fifths of their trading among themselves, but in recent years the group's trade with other Communist countries has declined while their trade with the less developed world and with the advanced countries of the West has increased. Trade between the United States and East Europe historically has been of minor importance to the United States. Immediately after World War II some trading occurred, averaging approximately two percent of United States exports and somewhat less of United States imports. However, before long the United States severely restricted trade with Communist countries as part of the cold war policy, and this virtually eliminated all American exports to East Europe and the U.S.S.R. from 1951 to 1955. The Export Control Act of 1949 provided the Presi-

dent with broad discretionary authority to prevent or limit the export of commodities that were in short supply or the shipment of which would be inconsistent with the foreign policy of the United States or impair its national security.

In 1951, the United States Mutual Defense Assistance Act was enacted to strengthen multilateral cooperation with American policy by restricting aid to nations exporting strategic items to Communist countries. Most exports to East Europe require special licenses, and these are not granted if the effect is considered detrimental. The primary responsibility in this area rests with the Department of Commerce, which seems to employ the restrictions to allow variations in the treatment of individual countries and different political situations. Hungary, Romania and Poland are in a somewhat better position than other CMEA members because they have been granted most favored nation (MFN) status with the United States.

United States imports also were affected by cold war policies but less severely than exports. From 1955 on, there has been steady growth in United States imports, although the level is still relatively low for both sides. A United States Tariff Commission study in 1972 concluded that the discriminatory United States tariff policy generally constituted less of a handicap to trade than had usually been assumed.⁷ The study found, however, that the discrimination had become more burdensome as time went on because of concessions granted by the United States and that this burden had been unequally distributed in CMEA, with most of it falling on countries other than the Soviet Union. Moreover, it found that United States tariff policy was largely ineffective as a means of protecting domestic production. These factors, no doubt, contributed to the United States extension of MFN status to Romania in 1975 and Hungary in 1978. (Poland has enjoyed this status since 1960.) It is interesting to note that these two countries happen to be governed by maverick Communist regimes willing and able to act rather independently of the Soviet Union—in foreign policy, in the case of Romania, and in domestic economic policy, in Hungary.

Export controls were moderated in 1957 and again in the mid-1960's as part of President Lyndon Baines Johnson's program for building bridges between East and West. This liberalization continued through the administration of President Richard Nixon, although Congress refused to ratify the 1972 United States-Soviet trade agreement. During the 1970's the United States loosened its controls either by allowing more and more items to be shipped to East Europe without specific licenses or by approving licenses. This shift reflected several factors. First and foremost, there was a change in the American attitude concerning trade with Communist countries toward the idea that it could contribute to a more peaceful coexistence; sec-

³*Ibid.*, p. 106.

⁴“East-West Trade,” *The Economist*, May 22, 1982, p. 60.

⁵*Ibid.*

⁶Bornstein, *op. cit.*, p. 110.

⁷Anton F. Malish Jr., *United States-East European Trade*, Staff Research Studies, no. 4 (Washington, D.C.: United States Tariff Commission, 1972).

ond, there was an appreciation of the limited effectiveness of American embargo policies, particularly when compared with their costs; third, American business was increasingly reluctant to forego opportunities where other interests were already substantially involved. The development of this new American posture on East-West trade coincided with important changes in the Comecon economies: a growing appreciation and application of the principle of comparative advantage, an increasing degree of interdependence with the rest of the world economy; and a new interest in the know-how and technology of the West.

The signing of the 1972 trade agreement between the United States and the Soviet Union appeared, at the time, to be an important breakthrough in the evolving economic relationship between the East and West. Congressional rejection of the treaty was therefore a step backward for détente. However, there has been some progress since then, including a long-term grain purchase agreement and a scientific exchange agreement between the U.S.S.R. and the United States and a Romanian-American long-term agreement (signed in November, 1976) which provides for closer cooperation in economic, scientific, technological and industrial fields. Even in this area, however, there are difficulties, like the vested interests of various labor and manufacturing groups in the United States that oppose competition from foreign imports.

Joint projects are another manifestation of East-West cooperation. Control Data was the first American company to conclude a joint venture with Romania after President Nicolae Ceausescu announced that such ventures would be welcome. Since then, more than 50 deals have been signed with companies from other Western nations. For some foreign businessmen, the 49 percent limit on their ownership in these joint ventures appears to be a problem, yet it is one that can be handled by negotiation on other points, like management, profit shares, risk shares and taxes. Joint ventures are probably the closest form of industrial cooperation, but they are not the only type, and industrial cooperation in general provides mutual advantages, as evidenced by its significant growth and diversity.⁸

In addition to cooperative arrangements in East Europe there are cooperative arrangements in the West, like the Romanda venture for Romanian-United States trade and cooperation operating in New York or the Tjecko-SVEA arrangement in Stockholm for the marketing of Czechoslovak machinery in Sweden. A further type of development has been the authorization and opening of Western banks in socialist countries,

like the Bank of America, Chase Manhattan, and First National City Bank in Moscow; the First National Bank of Chicago in Warsaw, and Manufacturers Hanover Trust in Bucharest. Altogether, about 50 Western multinational banks have become involved in East Europe because of the growing volume of commerce. Finally, normal business deals that could not previously be consummated were struck more regularly in the 1970's. The major example is the billion dollars worth of licenses that the United States approved for equipment for the Kama River Truck Project in the Soviet Union after it initially dragged its feet on that massive project.

The net result of all the economic deals was a steadily growing volume of trade between the United States and CMEA through the 1970's. In 1979, United States exports to East Europe and the Soviet Union reached a record \$4.6 billion, and imports from these countries also reached a record level of \$1.9 billion. However, in 1980, United States exports to East Europe increased by about 15 percent but exports to the Soviet Union dropped from \$3.6 billion to \$1.5 billion. At the same time, United States imports from the six fell slightly while those from the Soviet Union were cut nearly in half. During 1981, on the other hand, United States exports to East Europe decreased 20 percent, but imports from the six rose by one-fourth; imports from the U.S.S.R. continued to decline, but exports to the Soviet Union rebounded to \$2.3 billion.⁹ These recent trends primarily reflect United States attempts to punish the Soviet Union for its invasion of Afghanistan and for its role in the Polish crisis.

GROWTH POTENTIAL

Despite significant expansion of American-East European trade since the mid-1960's, the number of business ventures and the volume of trade remain relatively small. What about the growth potential? The potential is relatively modest, but even that will not be realized unless certain issues and problems can be resolved or at least accommodated.

The major problem appears to be the general relationship between the Soviet Union, East Europe and the United States. During the past few years, trade growth has been erratic, and both sides seem to have lost most of their optimism on détente in general and trade in particular. There was a definite cooling of relations in the second half of the Carter administration because of President Jimmy Carter's human rights policies and the Soviet invasion of Afghanistan. Under President Ronald Reagan, the United States-Soviet relationship has deteriorated even further, because of the Polish situation and the administration's harder and more ideological stance. The President's attempts to prevent the West European allies from selling equipment manufactured under United States licenses to the Soviet Union to build a pipeline to carry natural

⁸Roger Skurski, "U.S. Economic Relations with the Soviet Union and Eastern Europe," *Co-existence*, April, 1979, p. 24.

⁹U.S. Department of Commerce, International Trade Administration, *U.S. Trade Status with Communist Countries*, May 25, 1982, p. 4.

gas from Urengoi in Siberia to West Germany, France and elsewhere in West Europe is a prime example. The administration's refusal to renew the long-term grain accord with the U.S.S.R. is another example. In neither case are the issues and pressures simple and clear cut.

In the pipeline case, both the United States and its Western trading partners claim to be within their legal rights. Contracts between General Electric and France's newly nationalized Alsthom Atlantique and Britain's John Brown Ltd. specify that the licensees will abide by United States export control law. Therefore, the President considers sales of equipment embodying licensed technology illegal. The British, the French and others in West Europe, on the other hand, claim that the sales are legal because their contracts with the Soviet Union were signed before President Reagan invoked the 1949 Export Control Act on June 18, 1982, to prohibit the export of these particular products.¹⁰ The administration says that the pipeline will increase West Europe's dependence on Soviet natural gas, but in fact it may be more worried that the project will alleviate the Soviet Union's dependence on oil to generate hard currency. If it is completed, beginning in 1985 the project will earn the Soviet Union \$5 billion to \$10 billion per year, which is equivalent to its current hard currency earnings on gold and armaments and could replace most of its earnings in oil, which is becoming increasingly scarce.

On the grain issue, President Reagan has demonstrated sympathy both for the hardliners and for the American farmers who are in favor of assured long-run sales of their crops, which are again at bumper levels. In April, 1981, he lifted the embargo imposed by President Carter after the Soviet invasion of Afghanistan. He suggested that because the U.S.S.R. was able to replace our grain with imports from other grain producers, like Canada and Argentina, the embargo was ineffective and hurt only American farmers. Then, after martial law was imposed in Poland in December, 1981, the President reversed himself and declared that the renegotiation of the United States-Soviet grain agreement would not take place without an easing of Polish martial law. In a sense, the President was caught between a rock and a hard place. If he held the line on the grain embargo, his party would be in political trouble in the fall elections, especially in the Midwest. On the other hand, if he renegotiated the agreement or even extended it for a year, his policies toward the Soviet Union would be seen as hypocritical by West Europeans and others, like former Secretary of State Alexander Haig.

Another obstacle to greater East-West trade stems from pricing in the CMEA countries. State-adminis-

tered prices in CMEA countries are of limited value in the process of rational economic decision making. The absence of an internal pricing system that properly reflects scarcity means that the conduct of foreign trade will tend to be irrational if it is based on internal prices. The Comecon countries have attempted to circumvent this problem by employing trade efficiency indices and world market prices as the starting point for their trade negotiations. Obviously, this is a second-best solution, because world prices probably do not coincide with the true opportunity costs in these individual economies. But East Europe cannot exploit its international comparative advantage to the fullest extent if that advantage cannot be measured accurately.

Two developments have yielded some improvement. First, economic reforms have introduced capital changes, land rents and some degree of price responsiveness to market forces in this region. Second, changes have made it possible for foreign trade in some cases to serve as a competitive stimulus by permitting more direct connections between domestic producers and foreign markets and by introducing more flexibility into the foreign trade sector. Nevertheless, because these reforms have not gone far enough, pricing will continue to pose major difficulties to the East Europeans no matter whom they deal with.

Other problems include East European currency inconvertibility and the traditional bilateral nature of East European trade, which clearly tends to restrict the volume of trade. An increased willingness to employ multilateral arrangements seems to be emerging, and this may raise the overall potential for trade. For example, the U.S.S.R. could increase its machinery sales to Africa and receive payment in various minerals. These minerals could be used to meet Comecon requirements, with the surplus going to the so-called "switch trade" market in West Europe or the United States, thereby offsetting part of the trade imbalance with the West. Other techniques have been devised to meet the trade imbalance problem such as counter-purchase (arranging to sell CMEA products in the West in return for selling its products to the East) or product-payback, in which a factory is sold and the purchaser pays for it with the factory's own output. Occidental Petroleum Company and the Soviet Union have agreed on a huge project of the latter type for the coproduction of fertilizers and chemicals over a 20-year period. Arrangements like these can solve the financing and credit problems of some deals that might otherwise not be written.¹¹

INTERDEPENDENCE

Clearly, there are serious problems in the normalization of economic relations between East and West, but the paradoxical fact is that in spite of all of these difficulties progress can be made. It has been suggested that this illustrates a new trend of our age—"that in

¹⁰"How to Embargo Russia," *The Economist*, July 17, 1982, p. 11.

¹¹Skurski, *op. cit.*, p. 27.

the face of the scientific and technical revolution which has been encompassing different countries irrespective of the social system, economic common sense (or expedience) can prevail over ideological prejudices. This development across the traditional East-West ideological, political and economic demarcation line can be described as 'transideological collaboration'.¹²

General East-West trade has been of little overall value to the West; it accounts for less than two percent of the gross national product (GNP) in most Western countries and, except for fuels, is not particularly vital. The same is true with respect to the Soviet Union, which (except for grain) could be largely self-sufficient. Thus, "both sides can survive without East-West trade; neither side wants to. That is what gives both sides their increasing leverage over the other."¹³ And that is also why interdependence between East and West has increased during the past decade.

The links between socialist Europe and the capitalist West have expanded in number and volume, but in this discussion our attention will focus on five areas: technology, fuel, grain, jobs and credit. Overall, the East has been tied to the West by technology, grain and credit, while the West has been linked to the East by its need for fuel, grain markets and employment-generating exports.

From the 1920's onward, the Soviet Union traded with the West for technology. By 1932, machinery and equipment grew to total more than half of all Soviet imports.¹⁴ While the pattern changed as Soviet domestic industrial capacity increased, key industrial commodities continued to be imported, and foreign technology appears to have been a very significant element in the industrialization process. Machinery and equipment imported by the Soviet Union helped expand output directly, and perhaps more important, they provided prototypes of the best Western technology, which could then be duplicated.

After World War II, the United States reduced its exports to the Soviet Union and East Europe to practically nothing and attempted to persuade its allies to do likewise. Although trade inched its way back up, not until the 1970's and the era of détente did it amount to much. Again, Western technology was called on to play an important role in the economic development of the Soviet bloc. The technology was desired for a number of reasons, some systemic and some strategic. The systemic problems were neatly captured by the *Economist* (London) last spring:

Central planners pulled off the trick of rapid industrialization, but are having increasing difficulty in control-

¹²J. Wilczynski, *The Multinationals and East-West Relations* (Boulder, Colorado: Westview Press, 1976), p. 186.

¹³"How to Embargo Russia," p. 11.

¹⁴Paul R. Gregory and Robert C. Stuart, *Soviet Economic Structure and Performance* (New York: Harper and Row, 1981), p. 280.

¹⁵"East-West Trade," p. 59.

ling and directing a more complex modern economy. Soviet-style central planning is more effective at promoting quantity than quality; at encouraging risk-avoidance than innovation. There is a lack of competition and lack of flexibility in wage and price systems and the planners themselves are remote from those who work on research and development and the people who use the end-products. This puts a heavy brake on the diffusion of technological progress. So the Soviet Union exports oil, gas and other raw materials and uses the resulting revenue to plug the technological gap.¹⁵

Given the fact that the countries of East Europe adopted the Soviet economic model in the postwar period, they suffer from the same problems to varying degrees, depending on their level of economic development and their departure from the traditional model via economic reforms. Unfortunately for them, the East Europeans generally lack the fuels and raw materials to export in return for modern Western technology, hence their dependence on Western credit.

The Soviet-type economies have undergone almost continuous reform since the mid-1960's but, with the exception of Hungary (which has decentralized its system more and reintroduced greater scope for private initiative than anywhere else in the area), these changes have not fundamentally altered the nature and operation of these economies. Unless basic reforms are instituted, it is likely that the East will continue to look outside itself to assist its technological advance. Moreover, the slowdown in the growth of the labor force, particularly in the Soviet Union, and the attempt to switch from an extensive input-consuming to an intensive input-conserving approach to development require more technological improvements than Comecon members can produce internally. Finally, the Soviet Union's easily tapped fields of natural gas and oil are disappearing. If it wants to improve its energy balance, the only real Soviet option is to develop the gas fields in the remote reaches of Siberia, and to meet this huge technological challenge Western know-how and cooperation are required. The West European nations have been eager to oblige because of their need for energy.

The dependence of West Europe on Soviet gas supplies is not great, and there is no evidence that it is more dependent now than it was five or ten years ago. Some observers, however, find it disturbing "that a

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"If they can weather the next two years without default and without major tragedy, Hungary's leaders will have created a durable base for 'entrepreneurial socialism,' a system that allows private incentive and initiative with rich rewards, while retaining the basis of socialism and party rule—all this in a state that is characterized by ample food, ample consumer goods and at least a modicum of freedom."

Hungary: Socialism with a Nervous Tic

BY IVAN VOLGYES

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THE television show was strikingly familiar: it was *Charlie's Angels*. The movie marquee on the street alternately flashed the names of *Serpico* and *The Godfather* on its lighted screens. Well-dressed men and women sat in the bar of the Hyatt Hotel, and gleaming Mercedeses and BMW's ferried people between their homes and their vacation houses on the shores of the nearby lake. The scene was not West Europe, however; it was Budapest, Hungary, in July, 1982. Side by side with the affluence of an upper class and the well-stocked stores, goulash communism continued to thrive in a Communist country in East Europe.

Two and a half decades after Hungary's failed revolution of 1956, those who have not visited Hungary for a long time can see striking changes. The Hungary of 1982 certainly bears no resemblance to the Hungary of Stalinism. Gone are the most oppressive and visible features of the Stalinist regimes: the stifling atmosphere in which all but a few faithful were regarded as enemies of the state, the ever present police and the political arrests in the middle of the night, the completely nationalized trade networks, the interminable lines before crowded stores where little if any food could be bought, and the oppressive isolation from anything Western, coupled with the stifling Sovietization of every aspect of life.

In their place, in 1982 Hungary boasts a depoliticized atmosphere where politics is regarded by the population as an activity no decent mortal would like to be caught engaged in. Here, there are even a sprinkling of "opposition" candidates for the councils and Parliament, provided, of course, that they accept the limits to which their opposition activities can be tolerated. Only a handful of politically motivated arrests each year result in convictions,¹ and most of these are

for incitement against the regime or against the Soviet Union. And a widespread privatization of economic activity stretches from private corporations employing sometimes as many as 200 people all the way to a burgeoning second economy from which at the very least 50 percent of the entire workforce derive significant benefits.² In Hungary, as everywhere else where the state allows individuals to pursue goals they regard as important for themselves, this policy has borne fruit: the food stores and markets are stocked to the brim, much to the surprise and envy of the people and governments of the surrounding socialist states.

The secret of the Hungarian success lies in three separate but intertwined policies that were begun by Janos Kadar, who betrayed the Hungarian revolution 25 years ago and brought social peace to Hungary with greater success than any other politician in Hungary's turbulent history. By proclaiming that "he who is not against us is with us," he effected a national reconciliation after the tragedy of the revolution that was crushed by Soviet might. In effect, he encouraged the people to turn inward, to till their gardens and to do anything but engage in politics, retaining that domain for himself and for his party.

By initiating the New Economic Mechanism with the help of his wise economic moguls, he allowed the mechanism of supply and demand to regulate the market in an unplanned and hence rational manner; by allowing private initiative and incentive to be rewarded handsomely, he encouraged the citizenry to work for themselves, enriching their existence and that of the state as well. And by reversing the pattern of foreign trade from that of total domination by the U.S.S.R. and other socialist states to that of a balance between capitalist and socialist trade, he was able to attract much needed Western technology to Hungary without going into bankruptcy, Polish style.

The results of these policies can be seen in today's Hungary, where consumer socialism run rampant is exhibited in stark contrast to the poverty of Romania, Czechoslovakia, Poland and Bulgaria. It can be seen in the irreverently relaxed political atmosphere—no

¹Fifty-five in 1979 according to official statistics. *Magyar Statisztikai Évkönyv* (Budapest: Statisztikai Hivatal, 1979), p. 476.

²Istvan R. Gabor and Peter Galasi, the outstanding authorities on the subject of the second or secondary economy of Hungary, consider even this estimate low. Interview with the author, June, 1981.

Western democracy to be sure—which provides a stark contrast to the atmosphere of neighboring socialist states, where martial law or unbridled Stalinist dictatorship seems to be the order of the day. But it can also be seen in several dysfunctions that have developed precisely because of the remarkable success that the Kadar years have brought to the Hungarian people.

PRIVATIZATION

The first of these dysfunctions is the imbalance that exists within the private and the public sectors of the economy. Like most of the socialist countries, Hungary has experienced an enormous growth in the amount of private savings held in state financial institutions and an equally significant growth in the money supply hidden in the mattresses of mistrustful fellow citizens throughout the 1970's. Partly because of the desire to harness this capital in a capital-poor state and partly because of genuine official interest in expanding the private or second economy, over the years dozens of measures began to encourage the emergence of "entrepreneurial socialism," a thinly veiled return to private market activities reminiscent of capitalist ventures. Today, the "second economy" of additional "income supplements" permeates everything: one tips a doctor and a cabdriver, a toilet repairman and a waiter, an employee of the council and the construction foreman, as well as the salesperson in food stores or even the mailman. And there are thousands of private businesses that range from medium-size corporations and construction firms employing more equipment and men than most American small businesses would think possible to small boutiques that cater to the elites, and from computer consulting firms to small stands where fresh fruit and vegetables grown in household plots are sold to all who wish to pay the going market price.

This emphasis on privatization has also resulted in the worst work morale possible just about everywhere. Shoddy work characterizes state and frequently even private labor; repair work or construction, car repair or painting are done haphazardly, sloppily, poorly. And one cannot blame the "state" alone for the existence of such poor work morale, because even in the private sector, where men work for themselves, the quality of the work is not guaranteed. In a society where there are major shortages in the service and productive-consumptive sectors, a "seller's market" operates with hardly any control by a state that has finally learned to shrug its shoulders and its responsibilities.

In the "private" sector, such attitudes are comprehensible and they can be tolerated by a society that is used to them, but the work morale in the state sector threatens the very productive forces the state must rely on.

When all the surplus labor of the system has been exhausted, when village and female manpower has already been harnessed, only the improvement of labor intensity can bring a major improvement in production. But in the state sector the remunerative process is still based largely on the exploitation of the workers; wages are far less than the value of the products produced. The workers, of course, cannot strike openly for higher wages; thus a quiet and unsanctioned strike seems to be operating in the state-economy; the workers withhold their labor through shoddy work, lateness, unexcused absences, drunkenness and so on and produce only what they think is the equivalent worth of their wages.

Coupled with bad morale and privatization there is also an alienation that results from a lack of community spirit; today in Hungary, there are few if any closely knit communities. The closely tied groups that once dotted the national landscape, the interest groups based on religion or locale, sports activities or peer-groups have all succumbed to a national malaise. Alienation is as evident in the workplace as in the streets. Social ties and contacts have been vulgarized nearly beyond description by the *bellum omnium contra omnes* that characterizes "socialist" life. The ever present fighting for every item, the short-temperedness of the people as they struggle for scarce products, the inefficiency of the distribution networks and the simple pressure of just getting things done are made both easier and more difficult by widespread corruption, but the stress on individuals has created a population that has withdrawn into its own shell and exists within the walls of its own apartments, ignoring the larger community.³

Rarely can one find any relief from that isolation and alienation; rarely do Hungarians concern themselves with anything but the basic issues of everyday existence. Perhaps only the deliberate mistreatment of Hungarians in other socialist states stimulates national interest, and such mistreatment arouses national anger. Today, that anger is aimed at the barbaric and dictatorial policies of Romania's mini-god and maxityrant, the totalitarian Nicolae Ceausescu, whose discrimination against the some two million Magyars living in Romania borders on genocide. Ceausescu's megalomania has reached such heights that the Hungarian political leadership has been forced by public opinion—in a Communist state an unheard of event—to protest that treatment formally and to castigate that megalomania in a brutal satire in the party's official paper.⁴ While the treatment of Romania's Hungarian minority is worse than the treatment of the nearly one million Magyars in Czechoslovakia, the Slovak dicta-

³For a remarkably lucid treatment of this social malaise see Elemer Hankiss, *Diagnózisok* (Budapest: Magveto, 1982), especially pp. 63-139.

⁴Zoltan Galabardi, "Az identitás," *Nepszabadsag*, March 13, 1982, pp. 14-15. The author is grateful to Professor George Schopflin of the London School of Economics for calling the article to his attention.

torship and its discrimination have evoked nearly the same response. But aside from these issues, the privatized and alienated population seems only to care about the government's "*enrichiez vous*" policies—and their private benefits therefrom.

TRADE WITH THE WEST

The second dysfunction stems from Hungary's rather successful drive to open its foreign trade to the West and, specifically, to import Western technology. In 1970, 61.5 percent of Hungarian foreign trade was with other Warsaw Pact states; but by 1980 only 46.8 percent of all imports and 50.3 percent of all exports came from these neighbors.⁵ Moreover, West Germany has become Hungary's second most important foreign trade partner, second only to the Soviet Union.⁶ Hungary finally received membership in the International Monetary Fund (IMF) in April, 1982, and its foreign trade activities may subsequently be based on more solid ground.

But several enormous problems remain. First, the Soviet Union's own financial crunch forced the cancellation of oil deliveries at prices favorable to Hungary; thus Hungary had to meet its energy needs on the more expensive world market. Second, while Hungary's external debt of \$7.2 billion lags behind that of Poland, the Soviet Union, Romania and East Germany, Hungary's debt-service ratio (e.g., the ratio of debt-service payments to hard currency earnings) is second only to that of Poland, and one out of every two dollars of export earnings must go toward the payment of its debts.⁷ And, finally, the withdrawal of petrodollars by the Arab states, including the especially large holdings withdrawn by Kuwait, Libya and Iraq from the Hungarian national bank, has strained Hungary's foreign banking system almost to its breaking point.

Emergency measures have, of course, been taken to deal with these problems. All Western imports must be cleared in advance and the National Bank and the Ministry of Foreign Trade may exercise a veto over all hard currency spending. Commissions and fees normally paid in dollars are held in abeyance; a small \$2,000 commission for the sale of Hungarian buses in May, 1982, cannot be paid until December, 1982. Moreover, the Hungarian jewelry store network has been instructed to purchase any type and any amount of gold from the population; an ounce of gold is being purchased from the population at nearly twice the

world price at the time of this writing: \$626 per ounce (and even at that price one can haggle for a higher price). Needless to say, the purchased gold is paid for in Hungarian forints and not dollars. But every single ounce is needed to replenish the thin gold reserve of the state, currently standing at a measly \$2.4 million.

THE NEW RICH

The third major dysfunction exists in the social system; it is the enormous and ever growing gap between the rich and the poor, the powerful and the powerless. Privatization and the possibilities for the accumulation of private wealth have created a very visible class of truly *nouveau riches*, whose ostentatious spending habits create resentment among the have-nots of a socialist state. Houses built on three levels, with swimming pools and garages to house the BMW's or Mercedeses, costing more than \$200,000—while the average salary remains below \$1,200 per annum—speak clearly of the new wealth of those who have been able to take advantage of privatization, of "entrepreneurial socialism" and the second economy. Modern West European-style housing is beginning to replace peasant houses, as the enterprising agriculturists of all types take advantage of the prices set by supply and demand in the socialist marketplace. And multimillion dollar dwellings go up to serve as an old people's home for retired cadres on the hillside of Buda, boasting beautifully tiled bathrooms, color television, parks, and all the luxuries such cadres "truly" deserve.

It is in stark contrast to such ostentatious wealth that an ever increasing group of poor people are forced to eke out their existence. People with minimal retirement funds dread the projected 130 percent increase in rents due January, 1983. People work in offices where there are no influences or goods to be peddled; people lack "convertible" skills that could be used in the second economy. Plain and simple poor people were scarcely noticed, until an unofficial group known as SZETA⁸ sprung up, much to the discomfort of the party, and attempted to help them—largely unsuccessfully because of its own meager resources and because of the strong opposition of the leadership. And, finally, hapless old folks stricken both by old age and poverty are thrust into old people's homes at the mercy of a semideveloped state, lying in ten-bed rooms without hope or comfort.

Life is relentless for the poor and misbegotten, the hapless and the down-and-out, for the worker without a second income or for the old and infirm. The 12 percent annual inflation rate, the 30 percent initial rise in energy costs, the food costs close to world-market prices are all necessities if Hungary is to survive in a world that has not been kind to it. Pressures on the leadership to "do something" about the hopelessness of socialism (evidenced by the failures of neighboring states) led it to try to integrate its economy with the

⁵*Statistikai Zsebkönyv, 1971 and 1981* (Budapest: Statisztikai Hivatal, 1971 and 1981), pp. 179-180 and 144.

⁶*Ibid.*, 1981, p. 144.

⁷Paul Lewis, "Hungary, East Germany May Slide Into Eastern Europe's Debt Morass," *International Herald Tribune*, May 31, 1982, pp. 7, 9.

⁸SZETA, Szegyeneket Támogató Alapítvány [Foundation to Support the Poor].

West, thus exposing it further to the merciless pressures of Western economies. Until recently, the government denied that the Hungarian New Economic Mechanism (NEM) started in 1968 was a "model" that could be emulated by other socialist states; the leadership was afraid that "friendly" neighbors would take umbrage not only at the fact that Hungarians lived better, but that they had the cheek to advertise it as well. Only since the recent renewal of the NEM, the dream of having a Common Market trade area with Switzerland, Austria and Yugoslavia, and the expectation that the Hungarian economy would remain attractive to others in the region, have Hungarian leaders spoken of their experiment as a "socialist" model. Encouraged by Soviet President Leonid Brezhnev's reference to Hungarian agriculture as a model at the Central Committee Plenum of the Communist party of the Soviet Union on May 24, 1982, Hungary's leaders, including Kadar, cautiously advocate their scheme as they attempt to carve out a political balance that gives them maximum domestic independence.

That domestic independence, however, has a price. As late as April 16, 1982, speaking to a group of visiting economists, the so-called Group of 30, Janos Kadar made it clear that Hungary's foreign policy independence from Soviet interests was limited, although he noted that Hungary's freedom of action had been considerably enhanced in 1981-1982. Actions to integrate Western trade with Hungarian export-import activities, the fact that Hungary was allowed to become a member of the IMF, a more favorable tone toward American foreign policy, and even a perceptible change in Hungary's relations vis-à-vis Israel, indicated that this was indeed the case. But the recent shake-up in personnel at the top indicates that in foreign policy the picture may not be as rosy as was suggested by Kadar.⁹

Indeed, the replacement of Janos Berecz, the head of the party's Department of Foreign Affairs, by Matyas Szuros, Hungary's Ambassador to Moscow, and the replacement of the ailing Andras Gyenes by Peter Varkonyi, the editor of the party paper *Nepszabadsag*, give the impression that Hungary is once again expected to hew more closely to the Soviet line in external matters. In internal affairs, the return of Gyorgy Aczel—one of the architects of Hungary's domestic political liberalization policies—to the position of party secretary and similar changes in cultural life demonstrate that political and economic liberalism will continue. But the leadership is characterized by a power struggle that dominates every issue beneath the calm of political life.

The basic causes of the struggle relate to ideology

and the question of succession. Ideologically, the regime is split between those who would like to see the liberal course continue and those who would like to see Hungary move toward Soviet goals and policies. The first group sees Hungary's success linked to ever stronger economic and cultural ties with the West, despite political and military alliances with the Soviet Union. The second group believes that Hungary must rely on Soviet resources and protection and hopes to maintain their own hierarchic positions, unthreatened by the forces of change that have been unleashed by "dangerous" liberal trends. While the more educated and economically sophisticated elites tend to favor the first course, the party's own mid-level cadres and the privileged members of the apparat tend to favor the latter course.

And beyond all this looms the question of succession to the mantle of First Secretary of the party Janos Kadar. The 70-year-old Kadar has led his country and has indeed been the "Great Compromiser" of Hungary's twentieth century history. Keeping a tight reign on every issue and cutting off those who could challenge him, Kadar always moves in two directions simultaneously. A little turn toward liberalism is always followed by a similar turn in the opposite direction. In a very bad book published recently by Laszlo Gyurko, Kadar is depicted as a man of singular devotion to the cause of duty toward his nation.¹⁰ That may very well be, but Kadar is also jealous of his own power and has failed to groom a successor, a man who could take over the mantle he must leave behind one day. Those in power around him are grey men of little luster and little appeal. And Janos Berecz, the man many regard as the heir apparent (the only person with major name-recognition among Hungary's elite, according to the latest party survey), is out of the central apparat, perhaps in a more important, but perhaps in a less important position of power. His future, right now, is at least uncertain.

Hungary will survive even this crisis, because it must. If they can weather the next two years without default and without major tragedy, Hungary's leaders will have created a durable base for "entrepreneurial socialism," a system that allows private incentive and initiative with rich rewards, while retaining the basis of socialism and party rule—all this in a state that is characterized by ample food, ample consumer goods and at least a modicum of freedom. And this is no mean feat in a region where all the surrounding socialist states are characterized by scarcity, poverty and dictatorship. ■

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⁹*Nepszabadsag*, June 26, 1982, p. 2, details the changes summarized below.

¹⁰Laszlo Gyurko, *Archeprvazlat—tortenelmi hatterrel* (Budapest: Gondolat, 1982).

"Ideologically, economically, and militarily East Germany will continue to serve as a western anchor, securing the socialist bloc for the Soviet Union . . .," notes this specialist, who reports that ". . . although East Germany is a self-proclaimed land of 'socialism existing in reality'. . . all is not well in the 'First Workers and Peasants State on German Soil.'"

The German Democratic Republic

BY ARTHUR M. HANHARDT, JR.

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THE German Democratic Republic (GDR or East Germany) evokes strong responses. The Soviet Zone of Occupation in Germany, the Berlin Blockade, the Workers Revolt of June 17, 1953, and the Berlin Wall are familiar terms in the cold war vocabulary. During the era of détente, attention tended to concentrate on the treaty package that helped normalize relations in East Central Europe between the Federal Republic of Germany (FRG or West Germany), the GDR, Poland, Czechoslovakia, Hungary and the Soviet Union. Additionally, the status of Berlin was regulated in the Quadripartite Treaty of 1972. Although this period also witnessed the worldwide diplomatic recognition of the GDR, for the rest of the decade scant attention was given to internal East German affairs by the Western partners in détente. But perhaps the new cold war now going on between the United States and the Soviet Union will return attention to the GDR of the 1980's.

East Germany is a small country, about the size of the state of Tennessee, with a 1980 population of 16,737,000. It is located in a strategically vital area of Central Europe, lying between the NATO (North Atlantic Treaty Organization) forces arrayed in West Germany and volatile Poland. This exposure places a high value on close ties between the GDR and the Soviet Union; their alliance is secured by an extremely loyal Communist party, the Socialist Unity party of Germany (SED), the excellent East German National Peoples Army (NVA), and 20 Red Army divisions permanently stationed in the GDR.

Beyond the politico-military complex, the East German economy has an enviable record by East Euro-

pean standards. Notwithstanding imposing political and economic odds—it has few natural resources, for example—East Germany is now one of the world's "top ten" industrial states with the highest standard of living in the Soviet bloc.

But although East Germany is a self-proclaimed land of "socialism existing in reality" (*"real existierenden Sozialismus"*), all is not well in the "First Workers and Peasants State on German Soil." East German political development can be observed and assessed at the SED party congresses now held every five years in the East Berlin "Palace of the Republic." The tenth congress was staged in April, 1981, with all the pomp and ceremony associated with the rituals of an established workers and peasants party.

For the SED leadership, the tenth congress was an affirmation of Erich Honecker's unchallenged control of the party. This was Honecker's third party congress as General Secretary. On short notice, he replaced the aging Walter Ulbricht in 1971. The ninth congress in 1976 consolidated the Honecker leadership, while the 1981 meeting was a celebration of that leadership, with adulatory speeches and demonstrations. The few personnel changes in the SED hierarchy were all identified with Honecker's inner circle.

Ideologically, the tenth congress contained nothing new; no elements of genuine debate could be gleaned from the many speakers. Brotherhood with the Soviet Union in arms and economy was stressed. Speech after speech exhorted political organizations to greater efficiency and determination. Remarkably, there were few echoes of the events in neighboring Poland; and these few were sounded by relatively minor officials. Essentially, the tenth congress lauded the achievements of its leadership, approved the results of the last five-year plan, and admonished the cadres to cope with the difficulties attending the 1981-1982 plans.¹

THE ECONOMY

The economy is one of East Germany's proudest accomplishments, but now it is threatened. The economy was built in adversity. The ravages of war and Soviet reparations in the Soviet zone of occupation,

¹For West German coverage of the tenth party congress (including documentation) see *Deutschland Archiv*, vol. 14, nos. 4, 5 and 6 (April, May and June, 1981). For the GDR, see, among many others, "The Socialist Unity Party of Germany—the leading force in the socialist society of the German Democratic Republic," *Panorama DDR: Dokumentation*, 1981. (These reports, in English, are available through the Ausslandspresseagentur GmbH, DDR 1054 Berlin, Wilhelm-Pieck-Str. 49.)

plus a steady loss of population, did not augur well for the country in the 1940's and 1950's. It was not until the Berlin Wall was built and women were encouraged to join the workforce that the economic base was stabilized in the 1960's. Thereafter, economic growth was substantial and included improvements in the "quality of life" obvious even to the casual visitor to East Berlin and East Germany's inadequately supplied provinces.

The threat to the economy comes from several sources. First, economic geography sets limits to East Germany's growth. Its population has exhibited a declining trend in the past decade as a result of demographic imbalances (a large elderly population) and a trend toward one-child families. Natural resources are few: lignite (brown coal), some industrial salts, and uranium (all of which is shipped to the Soviet Union).

The East German economy is also threatened by economic developments beyond the socialist bloc. The leadership often claims that East Germany is protected from the ravages of OPEC (Organization of Petroleum Exporting Countries) price increases, capitalist inflation, and the current combination of high interest rates and Western recession. But in reality, East Germany is caught in a tightening economic vise.

The petroleum price increases of the mid-1970's were eventually reflected in higher prices for Soviet oil, which forms the vital basis for the expanding East German petrochemical industry. Soviet price increases squeezed profit margins for plastics and synthetic fibers marketed in hard currency countries. The critical situation worsened in 1980-1981, when it became clear that Soviet oil exports would level off and perhaps decline. Expanding this sector according to the 1981-1985 economic plans would be extremely difficult, forcing the East German economy to seek growth in ever increasing productivity.²

Western inflation has reached East Germany's otherwise carefully guarded boundaries. Rising prices for vital goods have East German economists in an agonizing double bind. Unless higher prices are paid for Western technology and materials, the quality of East German goods will suffer. Declining quality means fewer Western sales and concomitantly reduced hard-currency income. In other words, hard currency must be spent in order to earn hard currency. In response to this, East German trade functionaries have pressed for "counter-trade" agreements whereby part (usually 40-50 percent) of hard currency imports are paid for by export products.

High interest rates and recession in the West are adding to pressures on the East German economy. East Germany is not so indebted to the West as Poland and other East European countries. Nonetheless East Germany, which has enjoyed a high credit rating in the international financial community, is having trouble servicing short-term hard currency debt due in 1982. This would normally not be a problem. But, since East Germany must now borrow at high rates to roll over short-term debt, its financial problems have been drastically compounded.³

Finally, the Western recession makes it more difficult for East Germany to sell in the West, further restricting the incoming flow of hard currency. Markets for East German goods have been shrinking even where East Germany is competitive.

The 1981-1985 economic plan promulgated at the tenth congress indicates how East Germany intends to cope with its economic problems. First priority is accorded to heightened productivity. This has been a constant theme in the political economy since before the workers revolt of June, 1953, caused by the prospect of working longer for less to achieve plan goals.

Industrial productivity in East Germany improved steadily in the 1970's. From a 1955 base of 100, industrial productivity rose to an index level of 253 in 1970 and 407 in 1980. 1981 figures claim a five percent productivity increase.⁴ There is considerable doubt that this trend can continue without increasing investment beyond affordable levels. Honecker has repeatedly warned that investment funds are virtually unavailable. The 1981 plan called for no growth investment.

A second high priority is allocated to robotics and the automated production process in East German industry. In 1980, East Germany employed 220 robots and fewer than 400 were employed in 1981. By 1985, the plan calls for the use of 40,000 to 45,000 industrial robots. In spite of beginning its own robotics industry in 1980 (production: 40), this is an unlikely goal, especially given the shortage of investment money. In addition, there is a semantic problem; East German literature applies the term "robot" to a wide range of automated production elements that fall short of the robotic standards of re-programability, multi-axis deployability and universality generally demanded by the term in the United States, West Europe and Japan.⁵

A third plan priority is aimed at aiding the economy through effective energy use. East German economists hope to improve the utilization of imported petroleum in industrial production, while accelerating the exploitation of native lignite resources. Lignite will be used increasingly for thermal energy; the petroleum thereby saved will feed the petrochemical industry unable to rely on the previously increasing but now level imports from the Soviet Union.

Finally, the party has exhorted the population to

²"The Business Outlook: GDR," *Business Eastern Europe*, vol. 11, no. 8 (February 19, 1982), p. 59.

³"East German Debt is Worrying Lenders, Bank Economist Says," *The Wall Street Journal*, June 7, 1982, p. 25.

⁴*Statistisches Jahrbuch der Deutschen Demokratischen Republik 1981* (Berlin: Staatsverlag, 1981), p. 130.

⁵"GDR Looks to Robots to Save Labor, Markets," *Business Eastern Europe*, vol. 10, no. 41 (October 9, 1981), pp. 324-325.

continue making sacrifices. The political risks of the 1981 plan are apparent. Measures supporting continued improvements in living standards must be bought in part with hard currency and/or investment funds, both in short supply.⁶ And East Germans have become accustomed to consumption and are looking beyond dishwashers, television sets and refrigerators toward big ticket durable goods, notably autos.

THE MILITARY

Two events at the tenth congress shed light on the significant role of the East German military. First, more military personnel entered the Politburo and Central Committee of the SED. The influence of the military is as clearly increasing in East Germany as it is in the Soviet Union. Second, the Congress proceedings featured an elaborate military ceremony, symbolizing growing militarism in East German society. Evidence for this ranges from paramilitary training in the schools (now a mandatory two years in ninth and tenth grades) and the activities of the Society for Sport and Technology, a youth organization of over half a million young people pursuing "military sports" like target practice with firearms and parachuting.⁷

In spite of economic problems, East German military expenditures are steadily increasing. These expenditures support an efficient and effective military machine of about 6 divisions, closely integrated with the 20 divisions of the "Group of Soviet Forces in Germany."

THE SOCIETY

East German society has been influenced by the SED for over 30 years, but how effectively it has been transformed cannot be ascertained. The educational system and youth and party organizations have attempted to cultivate the "socialist personality." Although no firm statistics are available, results are clearly mixed. The gulf between public conformity and private views has not been eliminated in spite of party efforts to eradicate "careerism" and to turn those who "go along to get along" into sincere and enthusiastic supporters of the socialist system.

Several factors explain the limited success in trans-

⁶Hans Wetzek, "Politische Leitung—Oekonomische Leistung," *Einheit*, vol. 36, no. 7 (July, 1981), pp. 664-670.

⁷"VII. Kongress der Gesellschaft fuer Sport und Technik," *Informationen* (Bundesminister fuer innerdeutsche Beziehungen), no. 14 (1982), pp. 12-13.

⁸For an example see Rolf Schneider, "Der Ludergeruch wird uns anhaengen," *Der Spiegel*, vol. 36, no. 16 (April 19, 1982), pp. 131-136.

⁹Peadar Kirby, "The Threat of Peace. Church and State in East Germany," *Commonweal*, June 4, 1982, pp. 336-338.

¹⁰"Noch zu Wenig," *Der Spiegel*, vol. 36, no. 27 (July 5, 1982), pp. 51, 54.

¹¹Wolfgang Scheler, and Gottfried Kiessling, *Gerecht und ungerechte Kriege in unserer Zeit* (Berlin: Militaerverlag der DDR, 1981).

forming East German society. The most apparent is the close proximity of the Federal Republic of Germany (FRG, West Germany) and the reach of its media, particularly television. Even though the East German standard of living is high relative to Europe, the comparisons that count tend to be made with West Germany and West Europe. Images, goods and visitors from the West have the combined effect of blunting the "you never had it so good" approach of the SED.

At the same time, SED propaganda is taking full advantage of the economic downturn in the West to play on deep-seated German fears and anxieties concerning inflation and unemployment. The East German media continually contrast the labor shortages and stable prices for basic goods in the East with unemployment lines and rising prices in West Germany. The effectiveness of the appeal that East Germans should "count their blessings," as it were, is a matter of conjecture.

The bureaucratic and bureaucratized nature of East German society is another factor limiting the appeal of SED social visions and goals. Dullness, routine, literal-mindedness and doctrinaire behavior are sometimes identified with "socialism." And this has caused some concerned socialists to approach East German society from a critical Marxist perspective.⁸

Critical perspectives, even if Marxist in inspiration, are not welcomed by East German political and cultural establishments. Critics from within the SED, like Rudolf Bahro, are subject to arrest and expulsion. Controversial literary figures are treated similarly. The result has been tension between the official League of Culture (*Kulturbund*) and dissenters, many of whom have found publishers and audiences in West Germany. Intellectual *Gleichschaltung* reinforces the dullness of East German society, thereby effectively dampening support for the regime.

Finally, religion is a small but significant factor inhibiting socialist transformation in East Germany. Recently, the Protestant church has received growing attention, because young people are attracted to the Christian message of peace and brotherhood and to churches as places where ideas can be discussed and explored without the strictures of official doctrine.⁹

The peace and disarmament movement, "Swords into Plowshares," is now the focus of a major clash between the state and organized religion. The party will not tolerate a peace movement that urges disarmament in the East as well as the West.¹⁰ (According to East German doctrine, threats to world peace emanate exclusively from the NATO imperialists. The East German army and the Warsaw Treaty Organization exist to guarantee peace and, if necessary, to fight a "just" war.)¹¹ A popular badge depicting a smith hammering a sword into a plowshare (after a Soviet sculpture) was outlawed as a dangerous manifestation

of an unofficial and therefore impermissible movement. This action has not caused the movement to disappear. In fact, tensions focusing on peace and disarmament will intensify this fall when church-sponsored meetings are scheduled across the country.

Although socialist transformation may be imperfect and incomplete, it is clear that East German society is stable. Dissent and other unofficial activities constitute no threat to the Honecker regime. A partial reason for this stability, for the active and passive acceptance of the status quo, can be found in East Germany's international relations.

INTERNATIONAL AFFAIRS

Throughout its history, East Germany has viewed itself as a state that is either beleaguered, on the attack, or both. The evocation of a harsh and unfriendly international environment, the classical threat from the West, has keyed appeals to unite the citizenry. At the same time, East German doctrine holds that under the leadership of the Soviet Union the East European alliance will overcome the machinations of the imperialists by aggressively forwarding the cause of socialist revolution worldwide. In contemporary international affairs, East Germany is concerned with four areas: the socialist bloc, German-German relations, the capitalist West and Japan, and the third world.

Relations with East Europe and the Soviet Union have been problematical for East Germany. Even 37 years after World War II, a great deal of prejudice runs both east and west within the socialist bloc. Shifts within the bloc are seismically magnified in their impact. This was illustrated anew in the East German response to events in Poland after August, 1980.

The prospect that Polish unrest would shake the foundations of the East German party and state apparatus was worrisome even though no serious independent East German labor movement has been evident recently. Nonetheless, finding an adequate response to the advent of Solidarity was difficult, and ultimately the leadership exploited traditional German prejudice against Poles to inoculate the citizenry against the "Polish disease."

Another factor that contained the appeal of Polish developments was the economic disruption that reverberated through the country as a result of the chaos in Polish mines and factories. East German-Polish trade dropped four percent in 1980 and even further in 1981. East Germany lost vital coal imports and was called on to provide unplanned support for the Polish economy.

East German officialdom was among the harshest

critics of Solidarity and strongly supports the military regime of General Wojciech Jaruzelski. As was true during and after the Prague Spring of 1968, East Germany rode out the shock waves of threatened change in the socialist bloc more through a policy of Soviet-inspired orthodoxy than through the promise of flexibility and accommodation.

STRUGGLE AGAINST CAPITALISM

On the front line in the struggle with capitalist imperialism, East Germany confronts another German State, West Germany. The era of détente and West German *Ostpolitik* (Eastern Policy) caused severe problems for the SED. How could the GDR follow the Soviet line of better relations with the West without importing dangerous ideas that might undermine party, state and society? The answer was a policy of *Abgrenzung* or demarcation from the West. Broad categories of East Germans were forbidden to have contact with the flood of Western visitors who came to East Germany in the wake of German-German normalization in the early 1970's. As détente declined after the Soviet invasion of Afghanistan and the election of Ronald Reagan, East Germany returned to a more familiar and, perhaps, more comfortable neo-cold war mode in relations with West Germany.¹²

The most emphatic signs of a chill from East Germany came shortly after West German Chancellor Helmut Schmidt's reelection had been assured on October 5, 1980. Eight days later, Erich Honecker announced a virtual doubling in the amount of hard currency that Westerners were required to exchange for each day spent in East Germany. This change in policy had the desired effect of reducing the number of visitors while not radically affecting hard currency income.

No West German retaliation followed. Chancellor Schmidt's coalition is committed to a policy of avoiding countermeasures that might cause hardships for the East Germans. Sanctions in the form of cuts in the low-cost "swing" credits that finance East German imports to West Germany were thought to be an ineffective means of retaliating for the hardships West Germans faced if they visited East Germany.

In effect, German-German relations have been at a virtual standstill since Schmidt and Honecker met at Werbellinsee in East Germany in December, 1981.¹³ That meeting produced no concrete results beyond clarifying the positions of the two sides. The fact that the Polish military regime was established in the midst of the German-German summit served to underline the unavoidable reality: East and West German relations are to a great extent hostage to issues and forces beyond the two Germanys. The major immediate issues between the two are the high mandatory exchange rate for Western visitors to East Berlin and the GDR; the disputed Elbe boundary; East German in-

¹²See my article "The Germanys and the Superpowers: A Return to Cold War?" *Current History*, vol. 80, no. 465 (April, 1981), pp. 145-148, 179-180.

¹³Wilhelm Bruns, "After the Schmidt-Honecker Summit," *Aussenpolitik*, vol. 33, no. 2 (2d Quarter, 1982), pp. 134-144.

sistence on West German "recognition" of East German citizenship; and the East German demand that West Germany's Salzgitter Central Documentation Center (which monitors East Germany) be closed.

There was little movement between Bonn and East Berlin during the first eight months of 1982. However, Bonn has moved closer to a restriction of swing credits, with a reduction spread over the next three years. For its part, East Germany denied entry visas to two West German politicians, underlining the sometimes capricious nature of German-German relations.¹⁴

German-German politics can be expected to continue to reflect the chilly state of relations between Washington and Moscow. For the Honecker leadership, this is a desirable state of affairs; a hard line toward West Germany buttresses those now in control.

Relations with the market economies of the leading industrial nations represent hazards and opportunities. The major opportunity lies in hard currency trade to finance the economic expansion vital and dear to the East German political leadership. A fundamental and unsolved problem is how to offer Western markets quality goods meeting world standards of technological sophistication. Moreover, East German economic decision-makers must constantly balance the opportunities for Western trade against the demands of socialist partners and the Soviet Union.

Diplomatically, East Germany entered the mainstream of the industrialized world when normal relations were established with Western countries as a result of détente and West German *Ostpolitik*. In the mid-1970's, this led to great expectations that East Germany might take its rightful place internationally as an advanced and sophisticated industrial nation.

Economic expectations were disappointed. Despite the granting of major hard currency credits, the East German economy could not produce enough quality goods to participate fully in the give and take of international trade. Nonetheless, trade with the West (including West Germany) increased 5.5 times in the decade of the 1970's to nearly \$11 billion in 1980.¹⁵

Major hard currency trade items offered by East Germany include steel, fertilizers, plastics, optical goods, machinery and manufactured consumer items. Yet these products must be traded with the Soviet Union and other socialist countries in order to assure supplies of petroleum, natural gas and other raw materials vital to East German industry. East Germany cannot afford to neglect either set of trading partners and therefore faces a severe dilemma. Compounding the problem are the ever rising defense expenditures, which rose 7.9 percent in 1981.

The United States has an overwhelming and consistent balance of trade surplus with East Germany. Following recognition in 1974, the volume of trade between the United States and East Germany increased about two and one-half times. Most of the dollar value of the trade today is accounted for by agricultural products (about \$534 million in 1980). Feed grain for livestock comprises the largest single item and is linked to efforts to improve domestic meat supplies.

In the area of nonagricultural products, the United States sold East Germany some \$26 million in goods while importing goods worth \$44 million in 1980. United States-East German trade has been impeded by the fact that East German imports do not benefit from most favored nation (MFN) treatment, nor do American exports to East Germany qualify for Export-Import Bank financing. Nonetheless, there was a four-fold increase in trade between the United States and East Germany between 1974 and 1980.¹⁶

Disappointments in the capitalist West have led to an attempt to cultivate economic relations with Japan, the industrial giant of East Asia. In May, 1981, Erich Honecker visited Japan to explore the prospects of expanding trade links within the ambit of "peaceful coexistence." The Japanese trade presence in East Germany has gradually expanded over the past five years. A Japanese trade office is now open in East Berlin, and a major luxury hotel, the Merkur, was built by the Japanese in Leipzig, home of the East German trade fairs.

The long-range impact of Honecker's visit to Japan has yet to be felt. However, it is clear that East Germany is seeking to diversify economic options beyond the United States and West Europe. In the areas of robotics and computers, Japanese technology could play a significant role in the current five year plan if financial problems can be solved.

THE GDR AND THE THIRD WORLD

Third world countries have played an important role in East Germany's foreign policy since the early 1960's. It was in the third world that East Germany sought to breach the diplomatic isolation imposed by

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¹⁴"Bonn Protests East German Decision," *The Week in Germany*, vol. 8, no. 29 (July 30, 1982), p. 2.

¹⁵"German Democratic Republic: Emphasis is on Industrial Reorganization, Expansion of Economy and Foreign Trade," *Business America*, October 5, 1981, p. 10.

¹⁶*Ibid.*

"The final outcome of the Polish struggle between the moderates and the dogmatists is not yet known, but at this moment there is a stalemate tilted to the dogmatists. . . . The only unknown is how patient Polish society is going to be, especially in view of the fact that while martial law has produced temporary political stability it has done very little to encourage economic stability or to find a solution to the structural problems of the Polish economy."

Poland: Quo Vadis?

BY ARTHUR R. RACHWALD

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THE workers' revolt in Poland has opened to question the socioeconomic transformation of the Communist system in Poland.* The political essence of Leninism is the assumption that a utopian society can be created through the totalitarian-monistic rule of the Communist party. In revising classical Marxism, Lenin deliberately emphasized its totalitarian traits, like the dictatorship of the proletariat, and developed such concepts as the leading role of the party and democratic centralism, which eliminated pluralism and democracy within the society and in the Communist party itself.

Joseph Stalin subsequently perfected the monistic nature of communism, introducing the theoretical concept of the vanguard of the vanguard, an ultra-centralist operational theory that invested the party's general secretary with absolute power. In practice, he consolidated his power by liquidating existing or potential opposition. Subsequently, at the conclusion of World War II, this characteristically Russian pattern of politics was imposed by force on the nations of East Europe.

The central purpose of Sovietization (1945-1953) was to remove the roots of pluralism from Polish society. The liquidation of "class enemies" involved the delegatization of popular political parties, the compulsory incorporation of the Socialist party into the Communist-controlled United Workers' party, the organization of the remaining legal parties into a united front, as well as the fraudulent elections. In the realm of ideology, the Communists declared war on liberal and religious values, while nationalization and collec-

tivization were intended to make every individual dependent for his income on the government.

The Sovietization of Poland served also as a guarantee of loyalty in international affairs and as testimony to the universality of the Soviet experience. In Soviet eyes, Poland had no right to exist unless these two conditions were satisfied. A self-governing Poland has always been an obstacle to Russian policy in Europe. In the eighteenth century, Imperial Russia participated in three partitions of Poland; in 1920, Lenin tried and failed to reduce Poland to the status of a Soviet republic. Then in 1939, after the Molotov-Ribbentrop Pact,** Poland, that "ugly offspring of the Versailles Treaty," was again removed from the map of Europe. History suggests that, in the absence of a dramatic decline of Soviet power, the "People's Republic" is more advantageous to the Polish nation than the historically known alternatives.

The Poland that reemerged after World War II was a product of Soviet thinking. The country's geographic configuration, political and economic system, ethnic composition and international affiliations were all shaped by a Moscow traditionally hostile to Poland's view of itself as a pro-Western, Catholic and democratic state. The Sovietization of Poland, in effect, has been an attempt to de-Europeanize Polish political culture.

It is frequently asserted in Warsaw that only a socialist Poland can exist as an independent state. And it has become something of a ritual for the Polish authorities to pledge that "Poland is and will remain an unshakable ally of the Soviet Union and the socialist commonwealth."¹ The political order in Poland must be kept in symmetry with the international system, which in East Europe is decisively in the Soviet Union's favor. Poland's function is alternately that of a strategic and ideological bridge or a barrier between Soviet Russia and the West. To qualify for this role, Poland must subordinate its own national aspirations to the international concerns of the Soviet Union and must practice the Russian brand of Marxism.

*The author would like to thank the Naval Academy Research Council for its support of the research for this essay. The opinions expressed herein are those of the author alone.

**Ed. note: The nonaggression treaty between Hitler's Germany and the Soviet Union that secretly divided Poland into German and Soviet spheres of influence.

¹Stanislaw Kania, former First Secretary of the Polish United Workers' party, quoted in Michael Dobbs, "Kania Calls for Action in Poland," *The New York Times*, July 21, 1981.

The Soviet claim to dominate Poland is based on several interlocking factors. First, there was the Soviet victory over Nazi Germany. The Soviet Union regards the Yalta Agreement of 1945, one of the fruits of that victory, as license for hegemony over East Europe. Accordingly, any attempt to erode the Soviet monopoly there either by external influence or by indigenous internal developments is regarded by Moscow as interference in the domestic affairs of the socialist states, aimed at undermining the foundations of the worldwide security system.² This point was made explicitly clear by the (Leonid) Brezhnev Doctrine of limited sovereignty, which subordinates the national interests of the East European countries to the interests of the "socialist commonwealth," whose defense "is the common affair" of all countries involved.

Second, the absolute priority of international obligations over national preferences has found recognition in the domestic laws of the East European countries. In the case of Poland, a 1976 constitutional amendment gave "friendship and cooperation with the U.S.S.R. and other socialist states" status as the supreme law of the land. A Polish attempt to abandon the Soviet criteria of a socialist state was defined in Moscow as "incompatible with the Constitution of the Polish People's Republic into which the principle of strengthening friendship with the U.S.S.R. was written."

Finally, Moscow advances moral arguments to justify its demand of loyalty from the Poles, since the Polish people owe their freedom to the "hundreds of thousands" of Russians who sacrificed their lives in the struggle to liberate Poland from the Nazis. And now, Soviet leaders insist that Polish statehood continues to be protected by "units of the Soviet Army standing guard on the Western borders of the socialist commonwealth, of which the Polish People's Republic is also a part."³

In conclusion, therefore, Poland's freedom can only be understood in Marxist terms: it is a freedom to recognize and accept the necessity of communism. This means that the relationship between the government in Poland and the governed is that of conquerors and the conquered. The system of socialism imposed from above has left the nation with little political leverage for making the regime accountable for its ac-

tions; in practice, revolt has become the most effective way to voice grievances and influence the authorities.

The forceful introduction of the Soviet model in Poland produced a sharp political cleavage between the nation and the "top," comprised of the party-government-security apparatus. Over a period of some 35 years, this artificial polarization generated a pattern of cyclical revolts—an endless "spiral of hopelessness" marked by the dramatic events of 1956, 1968, 1970, 1976 and 1980. This vicious circle (revolt, followed by promises to correct past mistakes, followed by a return to centralized, autocratic, bureaucratic practices, followed by revolt) is characterized by the increasing complexity of the struggle in the Communist system, stemming from the growing sociopolitical maturity of the Polish nation.

The crisis of 1956 was largely a spontaneous outburst of street demonstrations by workers from several large factories. It was quickly contained by Wladyslaw Gomulka, a relatively popular leader of the "national" wing of the Communist party, who appeased the workers with his idea of a "Polish road to socialism." It involved the establishment of self-governing workers' councils, the reprivatization of agriculture, and a substantial expansion of civil rights to pacify a rebellious intelligentsia and an unyielding Roman Catholic Church.

Within six months, however, a policy of rollback was instituted. The workers' councils became instruments of Communist mobilization, while intellectuals and the Church were again subjected to strict censorship. Gomulka survived 14 years as party first secretary, owing to his skillful manipulation of the issue of Poland's border with Germany, an issue he used to manufacture a domestic consensus. Instead of the promised liberalization, defense of the Communist rule became the central preoccupation of his regime.⁴

The revolt of 1970, which ended Gomulka's tenure, was preceded by skirmishes with the Church (1966) and open conflict with the intellectuals (1968). But not until Polish workers were asked to sacrifice their standard of living did Poland experience a major new political tremor. This revolt was broader in scope than the revolt of 1956; it included the entire Baltic region, and for the first time workers organized their own strike committees. The main concern of the revolt was economic; thus despite bloody confrontations with the internal security forces, it subsided when Gomulka was replaced at the head of the party by Edward Gierek, who calmed the nation with promises of "socialist democracy" and "socialist welfare" (consumerism).⁵

Like his predecessor, Gierek did nothing to eliminate the bureaucratic inefficiency of the Communist system. As a substitute for economic and political reforms, he initiated a policy of heavy foreign borrowing. During the first half of the 1970's, Poland achieved a superficially high standard of living, largely

²Radomir Bogdanov, Deputy Director of the North America Institute in Moscow, quoted in Dusko Doder, "Soviets Were Motivated by Desperation," *The Washington Post*, January 2, 1982.

³Note of the Central Committee of the Communist Party of the Soviet Union and Soviet Government to the Central Committee of the Polish United Workers' Party and the Polish Government in *The New York Times*, September 19, 1981.

⁴Feliks Widy-Wirski, "Pazdziernik 1956. Nie Siegnieto do Historii," *Prawo i Zycie*, November 25, 1981.

⁵Witold Morawski, "O Zrodlach i Naturze Kryzysu 1980-1981 w Polsce," *Literatura*, September 24, 1981.

based on Western credits. Eventually, Poland borrowed over \$20 billion (together with the accrued interest, Poland's debt is now over \$27 billion), which was either wasted by the inept economic system or simply consumed. Such was the price paid by the Polish nation for a system Poles neither desired nor accepted.

The third major revolt in postwar Poland, in August, 1980, was incubated in economic crisis and under new political circumstances. In the aftermath of the 1976 wave of strikes and riots, several leading intellectuals established the Committee for the Defense of the Workers (KOR is its acronym in Polish), a political organization that elaborated the comprehensive strategy and information network necessary to challenge the Communist monopoly of power. KOR provided a link between workers and intellectuals, and the overall organizational framework for developing the political awareness of the Polish working class in its struggle for emancipation.

This unprecedented unity and mutual support of intellectuals and workers determined that the revolt was to be national in scope and primarily political in purpose. Subsequently, Solidarity became for the Communist party a parallel political organization whose constituency was the party's and whose power was "taken from the government."⁶

Paradoxically, even the official propaganda prepared ideological ground for the revolt. Once the elementary stages of socialist development have been attained, according to the official Polish view, the need for direct authoritarian rule by the party diminishes. In the absence of class struggle, democracy becomes a historical necessity because an open dialogue on political matters no longer threatens socialism. "Democracy," said Stanislaw Kania, former First Secretary of the Polish party, "is not a gesture of the authorities to society, but a great and growing need of socialism."⁷ Socialist pluralism, therefore (unlike bourgeois pluralism that brings class cleavages to politics), is simply a form of self-rule in the developed socialist state. It is also consistent with the teachings of Karl Marx, who pointed out that the socialist transformation of society implies "converting the state from an organ superimposed upon society into one completely subordinated to it."

THE DRAMA OF THE 1980's

So far, as in classical drama, there are three acts to the Polish crisis. During the first stage, there appeared to be a search for a *modus vivendi* between Solidarity and the Communist state. Both sides viewed the revolt as a justified expression of public discontent over the

political corruption and "economic voluntarism" of the Gierek era. The authorities followed a strategy of general retreat to avoid a head-on collision with the assertive union. But they were trading concessions for the time required to consolidate power. When the party itself became infected with the virus of democracy and began to disintegrate, the Communist loyalists, entrenched behind the military-internal security forces, refused to negotiate further. Instead they launched a campaign to portray Solidarity as an organization manipulated by a small band of antipatriotic, antisocialist and anti-Soviet extremists. The imposition of martial law, the so-called "knock-out" physical solution, accompanied an ultraorthodox interpretation of events. Thus, Poland's economic, social and political troubles were ascribed to the evil machinations of the Western imperialists who aided counterrevolutionary elements in Poland. Poland's problems, it was proclaimed, were caused not by the pathology of socialism but by insufficient socialism—a view which for years has been advanced by ideologically dogmatic elements in Soviet Russia and East Germany.

ACT I: A SEARCH FOR PARTNERSHIP

The political essence of the 1980 revolt was the restriction of the monistic nature of communism by introducing elements of limited government. It was undertaken with the help of a written social contract, which enumerated in detail several rights and obligations of each side. This contract—the August, 1980, Gdansk Agreement—endorsed the key axioms of the Communist system, including the principle of one-party rule, which was secured by a declaration that the Solidarity trade union would not transform itself into a political organization. It implied that Solidarity would confine its activities to bread-and-butter issues, a very narrowly defined form of loyal opposition with no right to ask for free elections. Another clause guaranteed the union's support for the "collective ownership of the means of production—the essence of socialism in Poland," a recognition of the leading role of the Communist party and the existing system of alliances.

Once the elementary principles of the Soviet system received formal recognition, the authorities legalized the existence of the "new, independent, self-governing labor union. . . genuinely representing the working class." The union was entitled to "conduct collective bargaining" with the government, to exercise the "right to strike" with assurance of "security for strikers and supporters." This newly established contractual relationship between the state and workers in Poland also guaranteed the "freedom of the press, opinion and publication," to be implemented by "access to the mass media," and, extremely important in predominantly Roman Catholic Poland, the freedom of religion. Finally, in addition to a long list of provisions

⁶Lech Walesa, quoted in James M. Markham, "Polish Prelates and Union Ask for Moderation," *The New York Times*, August 15, 1981.

⁷Quoted in *Gazeta Krakowska*, August 15, 1981.

having to do with working conditions and retirement, the agreement contained a general clause authorizing the union to "pass public judgment on key decisions determining the standard of living of the population, including the principles governing the division of national income into consumption and investment."

The Gdansk Agreement was an attempt to reconcile two conflicting models of politics, notably democracy, with the power flowing from the bottom up, and Communist autocracy, where the prevailing current flows from the top downward. Although the newly created union pledged not to undermine socialism in Poland, this *de facto* political organization broke the Communist monopoly over the economy, information and ideology. It acquired a veto power over almost every aspect of Polish politics. After 35 years of monopolistic practices, the Communist party found itself face to face with an organized and legal opposition representing the workers. For the party, it was a political humiliation and fearful precedent. The emergence of Solidarity put into question the entire ideological foundation of the Soviet-like state.

During the first few months after the Gdansk Agreement, there was optimism regarding the attainment of a *modus operandi* between the party and Solidarity. As a matter of fact, the party already had become accustomed to an openly competitive coexistence with the Church, and an expansion of this dualism to a political triad could contribute to the stability of the system. While the party and the Church shared only a sentiment of patriotism, Solidarity was not only patriotic; it appeared to accept the principles of socialism. Some Poles believed that this patriotic-socialist platform would guarantee an overall political symmetry between the union and the party and would reduce the area of confrontation to other than the essential axioms of the system, respected but never endorsed by the Church.

But the reality was different. Both organizations had grossly unequal resources at their command among the people. In a few months, Solidarity had developed grassroots support from over 10 million members. It became a dynamic union representing the entire Polish nation, and it received the support of the Church. The party, on the other hand, could claim no more than 3 million members, and one-third of them were members of Solidarity. This was a dismal situation for the party, which was charged with having led Poland into an "economic catastrophe unequaled in 200 years."⁸ In addition, the party was widely regarded as a Trojan horse for Soviet hegemony in Poland. During the brief term of Stanislaw Kania as party leader, after the fall of Gierek, there was a popular rhyme in Po-

land: "Better Kania than Vanya"—Vanya being a diminutive of the Russian name Ivan. As well as anything, this slogan expressed the Polish reasons for accepting Communist rule.

Other factors also impeded the partnership between Solidarity and the party. The union did not trust in the official support for the program of renewal, suspecting that such support was a tactic intended to restore stability and allow for the reversal of the trend toward democratization. The party continued to be regarded as dishonest, opportunistic and unwilling to pay the price of coalition. The union concluded, therefore, that unless the links between the party and the institutions securing its domain were severed and the institutions were placed under public control, the Communists would never stop searching for a restoration of the status quo ante August, 1980. It is significant that the main areas of contention between Solidarity and the party involved control over economic enterprises, radio, television, the press, police and education—that is, control over the key pillars of the state. For the union, the Gdansk Agreement was just the first step toward renewal; for the party it was meant to be the end of the affair.

In its comprehensive and well-prepared drive against party strongholds, Solidarity employed the potent weapons of strikes and demonstrations to force the authorities to retreat. The very real threat of a nationwide general strike appeared to be the most effective political instrument directed against the state, since such a strike would paralyze the country and result in the union's takeover of the state's administrative functions. The consequences of a general strike would have had revolutionary implications, but despite several close calls, a general strike was averted. Both sides appeared united by patriotic impulses: "Poles have come to an agreement before and will reach one now," argued Lech Walesa. "Without a compromise, we shall plunge into chaos and it may end in fraternal violence. Who will take the responsibility for all that?"

However, negotiations became less productive once a gradual hardening of positions became evident. These difficulties were compounded by the growing influence of militants within the union. Solidarity became a kind of bandwagon for every possible sort of opposition to the Communist system, including organizations like the Confederation of Independent Poland (KNP), which advocated the violent overthrow of the state. At the same time, the hardliners in the regime, those who favored a so-called "knock-out" or "power solution," emerged to organize groups like the Katowice Forum and the Poznan Forum.

The prospect of chaos created conditions for the authorities to recapture some of their lost legitimacy. When, in March, 1981, Solidarity called a strike alert as a prelude to a general strike protesting policy brutality in the eviction of union members from a public

⁸Edward Lipinski, a distinguished and senior economist, co-founder of KOR, quoted in John Darnton, "Polish Dissidents Disband Key Group," *The New York Times*, September 29, 1981.

building in Bydgoszcz, the Politburo warned that the entire "country faces a serious danger" and that "it is in the common interest of all Poles urgently to find a way out of the situation."⁹ This message implied that the party had not relinquished its responsibility for Poland's destiny and intended to challenge the union. For the time being a showdown was avoided when national meetings of both Solidarity and the party were scheduled.

ACT II: POLARIZATION

The second phase of the Polish crisis began in July, 1981, when the ninth extraordinary congress of the Polish United Workers party met in Warsaw. The party convened under strong pressure from its rank and file to remove the stigma of corruption, incompetence and economic mismanagement, to regroup its forces and to make badly needed personnel changes. To check the spread of Solidarity, the party had to refurbish its image and structure, and it was not Marxism-Leninism or democratic centralism that the party delegates used as a guide, but a spirit of populism, democracy and the accountability of party officials to their constituencies.

Founded in 1948, the Polish United Workers party has never been a homogeneous group, but a fragmented and quarrelsome organization fashioned under pressure from Moscow. For the first two decades of its existence it was composed of three factions: the conformist Muscovites, Poles favoring the national road to socialism, and nationalistic partisans, who evoked Soviet suspicions of Titoism.

While Communist old-timers were consumed in fratricidal struggle, a postwar generation of political activists established their supremacy in the party apparatus after renewed worker revolts in December, 1970. These were the pragmatists, or technocrats, led by Edward Gierek, who was determined to purge the central bureaucracy and replace the Warsaw establishment with his "Silesian gang."[†] Personnel changes at the top were widespread. Gierek prevailed over his opposition at the eighth party congress in February, 1979; proceedings were organized with clockwork efficiency to celebrate his triumph. His victory seemed complete, but it was short-lived.

By the conclusion of the ninth (extraordinary) congress in July 1981, an entirely new party ideology has appeared, because in Communist Poland, the ninth congress was the first opportunity to practice democracy within the party. There was free discussion exposing fundamental political differences among party members and a deep distrust of top party bureaucrats.

[†]Silesia is the most industrialized region in Poland.

⁹Quoted in John Darnton, "Polish Regime Ends Parley with Union Without Agreement," *The New York Times*, March 23, 1981.

¹⁰Radio Free Europe Research, RAD Background Report, no. 221 (Poland), August 3, 1981, p. 5.

And there was secret balloting: the electoral slogan of the radicals for a "crossing-out of the party apparatus" helped produce a sharp reduction in the number of apparatchiks on the central committee, chosen by the Congress delegates.

In comparing the composition of the central committees elected by the eighth and ninth congresses, one is struck by the fact that the proportion of Communist party professionals fell from over 50 percent in 1979 to about 8.5 percent, while the combined representation of workers, foremen, farmers and intellectuals roughly doubled, from about 30 percent to more than 60 percent (31.5 percent workers and foremen, 13 percent intellectuals, 18.5 percent farmers).¹⁰ Moreover, 20 percent of the new central committee, 41 members, were also members of Solidarity. One of them was even elected to the Politburo.

Of equal significance was the Communist confession that the party is not an universal organization representing all of Polish society. Although this point has always been implicit in the formal existence of a multiparty system, for a long time it was assumed that all non-Communist political organizations would eventually disband once the elementary stages of socialist construction had been attained. Two satellite political organizations, not even called parties—the United Peasant Group (ZSL) and the Democratic Group (SD)—had pledged total loyalty to the Communists and to Marxism-Leninism and had joined the Front of National Unity (FJN) under Communist leadership. This, in effect, deprived these quasi-political parties of their own identity, and classified Poland as a one-party state.

The need to restructure the FJN system was also recognized, in response to a search for political identity by the non-Communist political organizations looking for ways to disassociate themselves from Communist failures and to exploit the catastrophic decline of Communist power by filling the vacuum. Both the ZSL and the SD have developed their own political platforms, focusing on economic and political reforms with an emphasis on partnership instead of subordination to the Communist party.

It was proposed to change the FJN to the Front of National Agreement, in reference to the pre-World War II practice of nationwide political partnerships among a number of parties and social organizations willing to work with the government. This new front was intended to become a self-governing instead of a Communist-dominated forum, drawing together all

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"Given the potentially explosive situation across their border in Kosovo, Hoxha's successors may not want to legislate away any of their power, buttressed as it is by the Albanian constitution of 1976. Hoxha's suppression of human rights at home—the dark side of Stalin's legacy—in the name of the 'steel-like unity' of the people led by the dictatorship of the proletariat remains a basic feature of Albania's new religion."

Albania: Retreat Toward Survival

BY JOHN KOLSTI

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ALBANIA pays a high price for centuries of isolation, existing as it has for the most part "on its own resources," on the periphery of ancient civilizations and modern empires. Toward the end of the nineteenth century, when Albania first began to wake up culturally as well as politically,¹ outsiders still referred to the four Albanian vilayets (provinces) of the Ottoman Empire as Europe's "dark hole." The mountainous provinces were almost lost in a corner of southeast Europe penetrated by few foreigners. Their predominantly Muslim population had become the target of surrounding Greek Orthodox states, newly established and eager to "settle accounts" with a people long associated with centuries of Turkish oppression and terror.²

With good reason. Over half the Albanians in European Turkey were fanatic Sunni Muslims. They

were totally surrounded by Albania's equally fanatic Roman Catholics, who by the 1870's had been reduced to approximately ten percent of the population. Nowhere else in Europe was the line between "Turk" and *raya* (peasant) drawn more sharply than in the highlands of north Albania and in the Albanian districts of Montenegro, Kosovo-Metohija (Old Serbia) and Macedonia, in what later became Yugoslavia. In central and south Albania, where clan loyalties among the Tosks (Albanians of the south) had recently come to a violent end,³ an expanding system of Greek schools and academies had begun to reach Albania's first educated elite in the more important market centers and towns. Most of the students came from the Orthodox community (17 percent of the population) in which Greek was being firmly established as a second language. But Muslim pupils from the Bektashi sect (23 percent of the population) also attended the Greek schools, being far less fanatic in their faith than their Sunni neighbors.⁴

The sharp social, cultural and religious diversity of the Albanians partly accounts for their belated movement toward national liberation. Unlike the Serbs, Bulgarians and Greeks, the Albanians were unable to rally around a national church. On the contrary, Albanian religious organizations helped reinforce and sanction an antiquated, semifeudal socioeconomic system permeated by a common customary code of law, the Canon of Leke Dukagjin, and by the Qumran Sharia, which was implanted on Albanian territory by Anatolian conquerors. By the 1930's, after five centuries of economic neglect, disease, the denial of Albanian schools, social and political upheavals—Albania's Ottoman legacy—half the territory of the Albanians had become "the most backward country in Europe, ruled by a king with the almost unbelievable name of Zog."⁵ The other half, lying between the Montenegrin and Macedonian Slav districts in Yugoslavia, shared not only the legacy of Ottoman misrule, but also the realization (in 1926 and again in 1946) that hopes for the creation of an ethnic Albanian state in the Balkans would continue to be frustrated.

Nonetheless, Albanian nationalism continues to be

¹For a careful study of the Albanian national movement see Stavro Skendi, *The Albanian National Awakening, 1878-1912* (Princeton: Princeton University Press, 1967).

²See the volume by Charles and Barbara Jelavich, *The Establishment of the Balkan National States, 1804-1920* (Seattle and London: University of Washington Press, 1977). A broader, fairer, more concise presentation of the history of the Albanian people is not to be found anywhere.

³They were destroyed at the turn of the century by the Albanian Despot at Janina, Ali Pasha Tepelinë, whose court attracted the attention of Lord Byron, among others. Clans in North Albania, both Muslim and Roman Catholic, were able to offer military as well as political opposition to outside authority as late as the 1940's. Their power was finally broken by Mehmet Shehu's partisan units.

⁴See Stavro Skendi's interesting article, "Crypto-Christianity Among the Balkan Peoples Under the Ottomans," *Slavic Review*, vol. 26, no. 2. Bektashi poets and propagandists (e.g., the Frasheri brothers Naim and Sami) played no small role in spreading ideas of the Enlightenment to the Turks themselves. Naim, in particular, helped make it possible for the Reverend Alexander Thomson, the agent of the British and Foreign Bible Society in Constantinople, to print Bibles for the Albanians in their own language. Although he was a Turkish official (in the Office of the Censor) he facilitated the distribution of books to Albania's "Protestant millet," in reality the pupils of the Greek schools in central and south Albania.

⁵An unforgettable introductory remark in an otherwise forgettable prewar history of Albania.

a dominant factor in Albanian political life. Its roots remain planted in the efforts of the "Awakeners" in the last quarter of the nineteenth century to overcome the divisive influence of Albania's religious institutions by stressing instead the linguistic unity of the Albanian people. The "Awakeners" were the first to promote the idea that Albania's true religion was Albania,⁶ which made it easier nearly a century later for First Secretary Enver Hoxha and Prime Minister Mehmet Shehu officially to proclaim atheism in what had been the only Muslim country in the world to turn to the teachings of Marx and Lenin. This was, to be sure, a radical step, but it was necessary to remove what was considered to be the major obstacle to the country's efforts to break away once and for all from its patriarchal past.

TRANSFORMING SOCIETY

The Albanian constitution of 1976 is the culmination of a campaign to transform a society barely touched by a revolutionary movement, the League of Prizren, that was first organized in 1878 to ensure the survival of the four Albanian vilayets in the Balkans inside the framework of the Ottoman Empire. Its Tosk-dominated cultural arm in Istanbul, the Society for the Printing of Albanian Books, which was established the following year, began the task of distributing books to the Albanians in their own language, slowly taking over a function of the British and Foreign Bible Society. When the League turned into an anti-Turk movement in 1908 (after new Turkish "reforms" convinced Albanians, Muslim and Christian alike that the preservation of the vilayets would not guarantee the survival of the nation), the Albanian revolutionary movement had reached a point of no return.

National independence was proclaimed in 1912, and the new state survived the Balkan Wars and World War I. In 1926, Albania's ruler Ahmet Bey Zogolli, a Mat chief from north Albania, acknowledged the loss of Albanian territory across the borders drawn

by the Great Powers 13 years earlier. Zog's signing away of Albanian districts to Yugoslavia (which had helped him seize power in Tirane in 1924) and his political and economic shifts toward Rome played a role in the formation of the Albanian Communist party.

Enver Hoxha, the founder of the Albanian Communist party (now the Albanian Party of Labor, APL) and its leader since 1941, successfully turned an anti-Zogist movement into a general anti-Fascist movement after Italy's Benito Mussolini annexed Albania in 1939. During the ruinous years of Italian and German occupation, Hoxha's Tosk-dominated brigades—ten percent of whom were women⁷—cooperated with Yugoslav partisan units in an effort to liberate their territories and establish their own political authority without the support of the Red Army. Their success was scarred, however, by the failure of Hoxha and Tito to resolve the problem of Yugoslavia's Albanian districts; during and immediately after the war, these districts continued to feel the wrath of the Serbs. Mussolini's creation of a short-lived ethnic Albanian state, which meant the loss of Old Serbia and its medieval monuments, was a warning to Communist as well as Orthodox Yugoslavs of the continuing Albanian national aspirations in districts dotted with magnificent Serbian monasteries.

As was the case 20 years earlier, Albania's survival as an independent state after World War II cost the country almost half the Albanian population in the Balkans, an oppressed minority concentrated in the multiethnic backwater of Kosovo-Metohija, a non-Christian, non-Slav area. Not unlike Zog, Hoxha was forced to surrender Albania's claims to this territory to a Yugoslav ally who had helped bring him to power. Yugoslav President Josip Broz Tito, a Croat, realistically conveyed to Hoxha in private the emotions of the Serbs regarding their ancestral "homeland" along the Albanian border.⁸ But after Tito broke with Stalin in 1947, Hoxha was free to exploit his Soviet-protected position on the Adriatic, and the centuries-old conflict between Serbs and Albanians continued on a new ideological level. Underneath the rhetoric, however, the national aspirations of Albania's "Awakeners" could still be heard.

STALIN'S CASTLE ON THE ADRIATIC

If the period 1941-1946 marked the APL's consolidation of political power inside Albania, the next 15 years marked the beginning of a radical social and economic transformation. Albania's Ottoman legacy was declared a national disaster. Traditional laws and customs, which weighed heaviest on women, were declared crimes against the state. Hoxha's drive to rebuild the political and economic structure of the country faithfully followed the road taken by Stalin in the 1930's and 1940's. Albania's approach to solving problems in the 1950's was expected to succeed like Stalin's

⁶A fact emphasized by Hoxha's chief ideologue, Ramiz Alia, in a speech delivered in June, 1978, on the centenary of the League of Prizren. Ramiz Alia, "The Albanian League of Prizren—A Brilliant Page of Our History Written in Blood" (Tirane: "8 Nentori" Publishing House, 1978), p. 30.

⁷The 6,000 women who joined the partisan movement were the first on a mass scale to break the patriarchal and religious bonds that had reduced them to social and political nonentities over the past five centuries.

⁸"Kosova and the other regions inhabited by Albanians belong to Albania and we shall return them to you, but not now, because the Great-Serb reaction would not accept such a thing." The source of the quote, which appeared in a *Zeri i Popullit* editorial, May 17, 1981, is given as Central Archives of the APL, File "Visit of the Albanian Delegation [to] Yugoslavia," 1946. This is one of 11 ZIP articles dealing with the problem of Kosovo. They were published under the title *About the Events in Kosova* by "8 Nentori" Publishing House in 1981.

had two decades earlier. Thus Albania began to emerge energetically from its semifeudal past. The goal of the "electrification of the whole country" was taken seriously, as were plans to turn Albania into a modern industrial state able to feed its own people.

Remarkable results were first achieved in the field of education. By the end of the 1950's, the first products of the country's Soviet-model school system, including its first university-level students trained in Tirane, began to deal with the problems of industrialization and urbanization and the task of turning the malarial swamps of the coastal plains into the country's breadbasket.

In the 1960's, after relations between Moscow and Tirane were broken, Hoxha continued to implement his Stalinist models of development, hoping not to tamper with the country's rigidly centralized political and economic bureaucracy. The ideological weapons that had been turned against Tito after 1947 were subsequently aimed at Soviet revisionists. With massive economic aid from the People's Republic of China, Albania severed diplomatic relations with the Soviet Union and eventually (in 1968) dropped out of the Warsaw Pact. Hoxha's dramatic confrontations with Soviet Premier Nikita Khrushchev were backed by the stabilizing support of the Chinese.⁹ This support allowed Hoxha to continue internal economic policies that were clearly producing desired results, not only in education but also in industry (almost nonexistent before the war) and agriculture. Because of favorable external and internal factors, the country was able to remain Stalinist after Stalin.

By the mid 1960's Tirane itself had been transformed from a market town into the country's industrial and agricultural heartland. Other major educational and industrial-economic centers north and south of the Shkumbi River had begun to level strong regional differences between Tosks and Gëgs (Albanians of the north) and between urban and rural settlements. Although outsiders claimed its strategy to be fossilized, socialism in Albania seemed to be working.

Albanian society soon began to feel the effects of the party's efforts to shed the country's image as Europe's most backward state; but the situation of the Kosovars in Tito's Yugoslavia (with justification labeled

Yugoslavia's "least integrated minority")¹⁰ continued to worsen. The region's steady economic decline after 1947 (which contrasted sharply with economic development in Croatia and Slovenia, the country's most prosperous republics), together with the activity of Belgrade's secret police in Old Serbia, forced some Albanian heads in Serbia's autonomous region to turn away from Prishtina, its political center,¹¹ and toward Tirane.

ALBANIA'S CULTURAL REVOLUTION

At the same time, secure in his position of supreme power, Hoxha delivered a series of speeches which signaled Albania's Chinese-inspired social revolution, which would be launched against the country's most conservative elements. The time had come for Albania to abolish the religious communities whose monasteries and mosques stood as visible reminders of blocked national aspirations and national humiliation. They were alien monuments that represented artificial barriers that for centuries had obscured the common origin of Greek-educated pupils in the south and Sunni chiefs in the north. In 1966-1967, the APL leadership seized the opportunity to effect far-reaching changes in Albanian society.

The risk was more than reasonable: a majority of the population could be counted on to support the government's policy. The country's schools and the party's most effective propaganda wing, the Union of Albanian Women, had for 20 years effectively done their work in all but the most remote mountainous areas. In his speeches, Hoxha linked the success of Albania's building of socialism to the question of women's rights; that is, the emancipation of Albanian women, one-half the potential labor force of the country, into the public sector of the nation's economy.

The social implications of Hoxha's changes were enormous, particularly in areas where patriarchal family bonds and religious allegiances were still strong. The primary targets of young agitprop teams sent into the most backward districts were customs crimes. The Canon of Leke Dukagjin and the Qumran Sharia were consequently added to the dustbin of Albania's Ottoman and Zogist past. It remained to be seen, however, how closely party rhetoric would be followed by real changes in the political and professional expectations of Albanian women.

While Albania's cultural revolution began to reach even the most remote districts in the Highlands, Albanian demonstrations across the Yugoslav border in 1968 prompted a response from Tito that differed sharply from Moscow's reaction to alarming developments in Prague. Instead of sending tanks to crush any "irredentist" movement among the Kosovars, Tito made many concessions to Albanian Communists in an area that was turning into an Albanian province because of a high birthrate among the Albanians (the

⁹For an interesting analysis of the "Chinese factor" in Balkan politics see the article by Sarah Meiklejohn Terry, "External Influences on Political Change in Eastern Europe: A Framework for Analysis," in *Political Development in Eastern Europe*, edited by Jan F. Triska and Paul M. Cocks (New York: Praeger Publishers, 1977), p. 277ff.

¹⁰For an analysis of recent events in Kosovo (Serbian), or Kosova/Kosove (Albanian), see Elez Biberaj, "Kosove: The Struggle for Recognition," in *Conflict Studies* (London: Institute for the Study of Conflicts, 1982), number 137/138.

¹¹Unlike Prizren, which made its mark on the Albanian national liberation movement in the nineteenth century, the postwar Albanian center in Yugoslavia is geographically removed from the Albanian border.

highest in Europe) and the emigration of Serbs from Kosovo. The Yugoslav government elevated the region to the level of an autonomous province, and its capital, Prishtina, was envisioned as an eventual bridge between Belgrade and Tirane. The general easing of the situation along the Yugoslav-Albanian border resulted in a resumption of personal communication between Hoxha and Tito, which led in turn to a normalization of relations between the two countries in 1971. Within a year, Albanian textbooks and visiting professors from Tirane made their first appearance in Kosovo. Cultural contacts between Tirane and the Kosovars (predominantly Gegs), who had recently rejected Belgrade-inspired ideas about creating a literary language for them based on some north Albanian dialect,¹² at long last realized one of the major goals of the nineteenth century "Awakeners": the adoption of a standard language and the use of a single orthographic system by all Albanians in the Balkans.¹³ Kosovars, it was expected, would continue to look to Tirane for their ethnic and cultural identity, but they would "inevitably" transport Yugoslavia's political-economic experiment to Albania, breaching the walls around Hoxha's castle on the Adriatic.¹⁴

Improving relations between Tirane and Belgrade, where "Great Serb" reaction to any concessions made by Tito to the Kosovars had to be closely monitored, did in fact result in a short-lived ideological thaw in Tirane. Hoxha went so far as to suggest that some decentralization of the country's political and economic

*Ed. note: The northern Italian kingdom that attracted widespread attention in the 1850's for its progressive domestic reforms.

¹²The Albanian experience contrasts sharply with what happened in Macedonia, or "Western Bulgaria." A Macedonian Republic became part of the Yugoslav federation, with its capital in Skopje, and a standard Macedonian language was established, the disputed origin of that language leading Macedonian and Bulgarian scholars (and politicians) to claim the same literary figures from the 10th century on as their own.

¹³What Albania's "Awakeners" hoped to avoid was the situation that still plagues Serbs and Croats, the former using a Greek-base alphabet (Serbian Cyrillic), the latter a Roman-base system. Their only point of conflict with British missionaries was their insistence on separate alphabets for Roman Catholic and Orthodox Albanians. Although most of Albania's reading public in the nineteenth century were products of the Greek schools, the "Awakeners" opted for a Latin-base, or "European" alphabet, to emphasize their cultural independence from their Orthodox Slav and Greek neighbors. (The adoption of Turkish or Arabic letters was out of the question.)

¹⁴Yugoslav attempts to annex Albania after the war have not been forgotten. Pro-Yugoslav elements in the APL are still considered the most dangerous threat "from the right" by Tirane.

¹⁵Mehmet Shehu, *Report on the 6th Five-Year Plan* (Tirane: "8 Nentori" Publishing House, 1976), p. 91.

¹⁶Enver Hoxha, *Report Submitted to the 7th Congress of the Party of Labour of Albania* (Tirane: "8 Nentori" Publishing House, 1976), p. 78.

apparatus might be taken into consideration by the APL. One year later, however, Albania's top leadership had become alarmed that contacts with the Kosovars had perhaps gone too far. Any political or economic innovations in Albania had to be generated in Tirane, not Prishtina. An independent Albanian state would last only as long as the "correct" linkage between political and socioeconomic considerations was not broken. "Shallow understanding and implementation of the relationship between centralism and democracy" had to be avoided.¹⁵ No dissident voices could be tolerated. The hardline pronouncements were more than idle threats: the call for political vigilance in 1972 and 1973 initiated three years of turmoil.

PURGES IN THE MID-1970's

In 1973, upheavals surfaced in the Ministry of Education and in the Union of Albanian Youth. Fadil Paçrami, the Minister of Education, was dropped from the Cabinet and replaced by a woman, Tefta Cami. The first secretary of the youth organization was purged, as was Dhimiter Shuteriqi, the president of the League of Writers and Artists of Albania. Todi Lubonja, the director of Albanian radio and television, was also removed from his post. Albania's youth, it was feared, were perhaps "tuned in" too closely to Radio Television Prishtina and to educators who had seen too much of the "good life" in Tito's Yugoslavia. The country's youth would continue to receive their political instruction from Tirane, not from any Piedmont* across the border in Yugoslavia. The leadership of the APL, not any professional elite that placed technique over politics,¹⁶ would be responsible for the "spread of advanced experience" through the country's expanding educational system and youth organizations.

In the following year Hoxha and Shehu exposed a "traitor and putschist" group in the country's military establishment. Beqir Ballaku, the Minister of Defense (who had served in that capacity since 1953), was purged, along with some of his key aides. The generals were caught looking too closely at the structure of Warsaw Pact armies, hoping to upgrade the professional standards of their own forces, which had been converted into a kind of "people's army" during the cultural revolution of the mid-1960's. This kind of army had demonstrated its capabilities in Albania in 1941-1945, and more recently in Vietnam: one in which a direct line of communication between the rank and file and the party remained intact.

In 1975, after Balluku had been replaced by Shehu (whose reputation as a ruthless commander had served Hoxha well in the 1940's and early 1950's), Hoxha pointed his "iron broom" at the "traitor group" that managed the country's economy. The fall of Abdyl Kellezi, the chairman of the State Planning Commission since 1968 and a member of the Politburo since 1971, Koço Theodosi, the Minister of Industry

and Mining since 1966 and a member of the Politburo since 1971, and Kiço Ngjela, the Minister of Trade since 1954, meant the loss of foreign-trained experts who had steered the country's economy through the difficult period that followed the break in relations between Albania and the Soviet Union. These economists had perhaps looked too long at the Yugoslav economic system. It was feared that any decentralization of decision-making powers in the economic sector might destroy the principle of "democratic centralism" in the APL. Tirane's retreat from even considering pragmatic approaches to solving its social and economic problems was complete. In a word, the radical changes that had transformed the lives of most Albanians in the 1960's, particularly women, would continue to be implemented in the rigidly centralized and authoritarian planning system that had emerged in Albania from the ashes of the war.

The mid-1970's purges may have anticipated events which, as in 1960-1961, threatened to isolate the country even further. Problems between Tirane and Beijing, which began to be felt following United States President Richard M. Nixon's visit to the People's Republic of China and the improvement in relations between Tito and China's Chairman Mao Zedong's successors, raised questions about where Albania could turn should Chinese aid be reduced. When Hoxha publicly condemned China's leap backward from genuine Marxist-Leninist-Stalinist principles,¹⁷ the already anticipated loss of Chinese economic support only fortified the siege mentality of Albania's leaders. Once again Albanians were told to "rely on their own resources" in order to survive. This time, however, an Albanian government could rely on a first generation of competent professionals trained in Tirane. Its "rising stars" in the party and state bureaucracy, both male and female, could be expected to be politically obedient as well as qualified and experienced.

By the end of the 1970's, for the first time in Albania's history, Hoxha's defiant position had placed the fate of the country beyond the reach of any ex-

ternal authority, secular or religious. Albania's religion had indeed become Albania, its creed confirmed by the constitution drafted during the upheavals between 1973-1975, its light celebrated annually on the day the goal of the electrification of every Albanian village was realized.¹⁸ Real progress had been achieved on a national level in terms of living standards, and in the expansion of professional opportunities for women; for example, Themí Thomai was appointed Minister of Agriculture on the basis of her successful management of the Kemishtaj agricultural cooperative, a showpiece enterprise on the now fertile, malaria-free coastal plains. In effect, Hoxha's policy of self reliance not only acknowledged an external reality but also signaled new sacrifices that women once again would have to make for the survival of the state, the new extended family. To be sure, only a select few women have risen to high party and government posts. But more important than the percentage of women included among the "winners" in the upheavals of the 1970's¹⁹ is the distance they have come in such a short time in a violent, Islamic, semifeudal backwater of southeast Europe.

ALBANIA AFTER HOXHA

Albania's small size and the homogeneous makeup of its population continue to give the tightly knit leadership of the APL advantages not enjoyed by their counterparts across the Yugoslav border in Prishtina and Belgrade. If by 1981 Hoxha still seemed firmly in control of the APL—no "Red Guards," it is worth noting, pushed the cultural revolution of the 1960's or orchestrated the purges in the 1970's—the same could not be said of Tito's successors in Yugoslavia's multiethnic republics. Doubts about the future of Yugoslavia's economic system and its political structure have been raised publicly in the country's richer and poorer regions, the gap between them widening in spite of stepped-up investments in the south. Not surprisingly, problems remain especially severe in the Albanian areas, which are the country's most economically depressed. Economic troubles there have only increased demands for an end to discrimination and the establishment of an Albanian Republic.

In the spring of 1981 Kosovo's economic woes and the growing resentment of the Kosovars against their treatment by neighboring Slavs triggered a demon-

(Continued on page 392)

¹⁷Albania's war of words against the "capitalist, bourgeois, and revisionist world today [which] is in all-round crisis" was stated clearly by Ramiz Ali in a report to the Institute of Marxist-Leninist Studies, submitted in October, 1978. The report, "The Revolution—A Question Taken Up for Solution," was published in English by "8 Nentori" Publishing House in the same year.

¹⁸The "Festival of Light" is celebrated October 25, which marks the day electricity reached Albania's last (2,446th) village. So much, the APL would argue, for Europe's "Dark Hole." See the article in *New Albania* 5/1980, pp. 26-27.

¹⁹For an excellent summary of the events of 1973-1975 see Peter R. Prifti, "The Labor Party of Albania," in Stephen Fischer-Galatí, editor, *The Communist Parties of Eastern Europe* (New York: Columbia University Press, 1979), pp. 5-48. Louis Zanga's articles and background reports for *Radio Free Europe Research* provide the best current information on the APL, with side glances at Kosovo.

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"What has changed in Finland with the advent of President Mauno Koivisto is a significant change in the style of leadership. More than his distinguished predecessor, Finland's new leader has faith that people and officials can manage well enough without his counsel or instructions . . . But Koivisto is no more likely to tamper with the proven rules of foreign policy behavior . . . he knows all too well what the penalty might be for a small and strategically placed country on the border of a powerful Russia, be it Tsarist or Soviet."

Finland After Kekkonen

BY H. PETER KROSBY

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A remarkable chapter in Finland's modern political history came to an end on October 27, 1981, when Urho Kaleva Kekkonen announced his resignation as President of the republic, an office he had held uninterruptedly since March 1, 1956. He was nearly six months beyond the halfway point of his fifth term and eight weeks into his 82d year when incapacitating arteriosclerosis forced him into retirement, ending a 45-year public career which many thought might continue until 1990. He had won his first presidential election in 1956 by the slimmest possible margin over his nearest rival. But his next two victories, in 1962 and 1968, were won by such landslide majorities that no serious challenger could be found to face him anymore. In 1973, all the major political parties rallied to him and voted him a unique four-year term (1974-1978) through a special act of Parliament, and in 1978 they made him their joint candidate in a general election. At the time of his sudden resignation in the fall of 1981, there were already signs that all or most of the same parties were prepared to return him to office in 1984 for a final six-year term.

Never before had one person dominated the Finnish political stage so absolutely. Not even Gustaf Mannerheim, the aristocratic marshal of Finland who had led the White forces to victory in the 1918 civil war and the Finnish armies to inevitable defeat in two conflicts with the Soviet Union during World War II, could work his will on the nation's affairs with the audacity, skill and effectiveness displayed by Kekkonen. Mannerheim had been Finland's authentic hero, but Kekkonen became its master. "After Kekkonen," wrote a newspaper columnist in January, 1981, "comes the deluge. Then all dikes will certainly burst."¹

One such dike, some observers thought, would be the Finnish-Soviet border. In September, 1975, according to one report, United States Secretary of State

Henry Kissinger met with his British and French colleagues for a discussion of the prospect of a Soviet military strike or subversive operation against Finland on President Kekkonen's death.² Readers of that report could only conclude that nothing, other than Kekkonen's towering figure, stood between the hungry Soviet bear and the hapless Finns.

Finland's situation was hardly as precarious as that, but the report did reflect some common Western notions about the character of Soviet foreign policy intentions and Finland's political system. It also implied a Western failure to recognize legitimate Soviet security concerns.

During World War I, German forces had conducted operations on both sides of the Gulf of Finland. Soviet leaders remembered when the threat of renewed German aggression loomed in the mid-1930's, and in the spring of 1938 they asked Helsinki for guarantees that Finnish territory would not be placed at the disposal of German forces in a new war. The Finns rejected the Soviet proposals then and repeatedly over the ensuing 12 months. At the end of November, 1939, after a final effort to persuade the Finns to negotiate an agreement, the Russians attacked Finland and wound up annexing or leasing more than enough territory to safeguard the security of Leningrad against an attack from the northwest. In June, 1941, the Finns, not surprisingly, made common cause with the Germans against their Soviet tormentors and quickly reconquered the lost territories. Three years later a massive Soviet attack settled the issue for good. Shorn of land and treasure, the Finns were lucky to get out of the war with their independence intact.

It took the unique authority of Mannerheim, the national hero elevated to the presidency in August, 1944, to make the Finns accept surrender on harsh terms. And it took Juho Kusti Paasikivi, Prime Minister from November, 1944, until he assumed the presidency in March, 1946, to introduce and enforce those principles of political conduct which alone, he believed,

¹Mauri Sirn , in *Kansan Uutiset*, January 17, 1981.

²*The Manchester Guardian*, September 17, 1975.

offered the Finns any hope of enduring peace with their Soviet neighbor. "I am convinced," he told his compatriots in December, 1944, "that it is of fundamental importance to our nation's welfare that Finland's foreign policy in the future be so conducted that it not direct itself against the Soviet Union."³

Kekkonen, who had been rabidly anti-Soviet in his youth, had come to similar conclusions by 1943-1944, and he shared his thoughts with the nation even before the ink could dry on the armistice agreement. It was too late in the day for any more "false hopes and illusions." Finland had lost the war, and its defeat was final and irreversible. "The superior force of the Soviet Union is absolute and continuing. Honest recognition of this will be the condition and touchstone of our national existence." More than that, survival for Finland might well depend on its ability to gain the trust of the Soviet neighbor, now "the leading power in Europe," and to gain that trust was "the correct policy" for Finland.⁴

From 1944 to 1956, as a member of eight governments, five of which he headed, Kekkonen made foreign policy in general and Finnish-Soviet relations in particular his all-consuming interest. And as President he established himself rapidly as the ultimate decision-maker and, eventually, the infallible pope of Finnish foreign policy. By the 1970's, the pat phrases and ritual language employed to describe and explain that policy had become as essential, it seemed, as the substance; politicians and government officials who indulged in public discourse on foreign policy matters could expect a reprimand from Kekkonen's "letter mill" if they used unsanctioned terminologies or expressed unauthorized views.

There can be little doubt that the foreign policy principles developed by Paasikivi and Kekkonen—commonly referred to as the Paasikivi-Kekkonen line—reflected an accurate reading of the power realities applicable to Finland's situation along a strategically important stretch of Soviet territory. On the other hand, the imperatives of national security were used over the past two or three decades by many Finnish politicians—not the least Kekkonen—to considerable advantage in a purely domestic political context.

For instance, it has long been a popular political game in Finland to try to brand political rivals as unreliable adherents of the Paasikivi-Kekkonen foreign policy line. If the charge can be made to stick, a politician or political party so branded automatically winds up in the political cold. The logic involved is elementary: a politician who cannot be trusted to uphold the tenets of the established foreign policy credo must be assumed to be unacceptable to the Soviet government.

³Juho Kusti Paasikivi, *Paasikiven linja*, I (Porvoo, 1956), pp. 9-12.

⁴Urho Kekkonen, *Neutrality: The Finnish Position* (London: Heineman, 1970), pp. 32-37.

To put him in a position where he could influence national policy might therefore invite a negative Soviet reaction, which could be harmful to Finland's best interests.

The Finnish Conservative party has been so branded for a long time and has been deemed ineligible for government service since 1966. Ironically, the party reacted to its banishment by reforming itself and embracing the established foreign policy with conspicuous fervor. But its rivals for power, especially the agrarian Center party and the Social Democratic party, continued to pronounce the Conservatives unreliable and hence ineligible to join a Finnish government. None of which has injured the Conservative party's standing with the voters: the party's parliamentary strength grew from 26 seats in the 1966 election to 47 in 1979, when it emerged as the country's second largest party.

The Center party, to which Kekkonen belonged before he became President and had to sever his party affiliation, has tried since shortly after the war to pass itself off as the most reliable custodian of the Paasikivi-Kekkonen line. Since the late 1960's, the Social Democrats have made a concerted effort to capture that role, or at least to share it with the Center party. Finally, in 1982, they appeared to have achieved their goal; the Center party, troubled by years of internecine leadership strife and steadily slipping electoral support, lost its solidly entrenched grip on the foreign policy machinery. Whether the Center party could have maintained its traditional role if Kekkonen had not resigned the presidency is hard to determine, but it is by no means certain.

What is certain is that Kekkonen's mastery of the Finnish political system, including the use of foreign policy requirements—as defined by him—for political advantage, was unsurpassed. So was his influence and power. None but the foolhardy challenged him after his first term. The respect that his performance and abilities earned for him throughout the country was mixed with awe and even a tinge of fear. He was unquestionably the most accomplished and successful politician ever to have plied that trade in Finland and was probably its greatest statesman. But the awe he inspired tended to silence dissent and inspire sycophancy, and there were those who claimed that parliamentary democracy was neglected in his shadow.

To an extent, perhaps it was, but to lay the full responsibility for that neglect at Kekkonen's feet would be a mistake. If the normal practices of parliamentary democracy were allowed to languish in "Kekkonen's republic," as the Finns called it, the blame rests on those party leaders and elected members of Parliament who failed to hold up their end of the political balance of power and allowed so much authority to accumulate, by default, in the hands of the President. In view of the prevailing sycophancy and the often extreme

deference shown the president by most of the leading party politicians, one can only marvel at Kekkonen's restraint.⁵

Be that as it may, the transition of power from Kekkonen to his successor revealed clearly that Finnish democracy had survived the Era of Kekkonen without structural damage. The professional politicians might have forgotten temporarily how to operate a parliamentary democratic system at full throttle; but the voters remembered. And they sent their political party leaders a clear message: see to it that Mauno Koivisto, the people's choice to succeed Kekkonen, in fact becomes the next President.

Koivisto, a carpenter's son and a former longshoreman on the docks of Turku who had earned a high school diploma, a college degree, and a doctorate in sociology in his spare time, had gone on to become an economist and a banker, winding up as governor of the Bank of Finland in 1968 after a brief stint as Finance Minister. In 1968-1970, he was Prime Minister, a post he was called on to assume again in May, 1979, in circumstances so difficult that many suspected he was being set up for a fall by the leaders of his own Social Democratic party. Although he had never served in Parliament or in any elected position of party leadership, Koivisto nonetheless had emerged as a political figure of great and steadily increasing nationwide popularity, easily outstripping any other public figure in the opinion polls. And many an envious and ambitious politician would have liked nothing better than to see Koivisto fall flat on his face.

Koivisto disappointed his ill-wishers. His four-party coalition government survived the crises put in its way by party feuds and economic problems and went on to claim third place on the longevity list of Finland's 61 governments since independence was proclaimed in December, 1917. And Koivisto's personal popularity with the Finnish electorate kept rising, no matter what his rivals did to reverse the trend. In the spring of 1981, he survived a direct confrontation with President Kekkonen, who called him on the carpet because of differences between them concerning some pending budget bills. The next day the nation learned from the lips of the leader of the Communist party, who had just seen Kekkonen, that the President wanted a new Prime Minister. In Kekkonen's republic, that sort of denunciation invariably meant that the target stepped down from his position. But Koivisto stood

his ground; eventually it was the President who backed down. Public opinion polls showed that the showdown between the two men was enhancing Koivisto's popularity and creating considerable antipathy toward Kekkonen.⁶

Thus Koivisto was still Prime Minister when, on September 11, 1981, Kekkonen took a one-month medical leave, ostensibly to recuperate from an influenza attack and a slight respiratory problem. Koivisto thus became acting President. A few days later, Kekkonen's physicians revealed that he suffered from "persistent cerebral insufficiency, or disturbance of blood supply, and . . . the symptoms included memory lapses and absentmindedness." When his medical leave was extended for a second month and the reports on his condition and prospects steadily grew more pessimistic,⁷ the race to succeed him burst into the open, becoming official following the announcement on October 28 that he would resign.

Eight political parties promptly nominated candidates. The overwhelming popular support enjoyed by Koivisto was confirmed in the first public opinion survey taken by the Finnish Gallup poll after the nomination process had been completed. Fifty-four percent of the people wanted to see Koivisto elected President; Harri Holkeri of the Conservative party and Johannes Virolainen of the Center party drew 12 percent each; and no one else managed to exceed 1 percent of the polled vote.⁸ When the electorate went to the polls on January 17-18, 1982, to select the 301 members of the electoral college, party loyalties altered that distribution somewhat, but the Social Democrats won 43.3 percent of the vote. This was some 20 percentage points higher than their usual share in presidential and parliamentary elections, which suggested a massive crossover of voters from other parties who intended to secure Koivisto's election. That popular vote translated into 145 electors committed to Koivisto on the first ballot in the electoral college, six short of victory.⁹

Theoretically, the door was open for political intrigue designed to rob Koivisto of the election, but no one cared to challenge the voters that blatantly. Their message was unequivocal, and the response of the party leaders was to leave well enough alone. *Uusi Suomi*, a leading conservative daily newspaper published in Helsinki, observed matter-of-factly that the people had spoken and Koivisto was their choice: "His election is a direct democratic solution that bypasses the political decision makers." The editorial urged that the electoral college be abolished altogether in the fu-

(Continued on page 394)

H. Peter Krosby has written extensively on Scandinavian and Finnish foreign affairs. His books include *Finland, Germany & the Soviet Union, 1940-1941: The Petsamo Dispute* (Madison: University of Wisconsin Press, 1968).

⁵For a representative example of President Kekkonen's direct and forceful leadership style, see H. Peter Krosby, "Finland: The Politics of Economic Emergency," *Current History*, vol. 70, no. 415 (April, 1976), pp. 175-176.

⁶Werner Wiskari, "Premier of Finland Gains Amid Criticism," *The New York Times*, May 3, 1981.

⁷*The New York Times*, September 12, 24, 30, and October 9, 1981.

⁸*Helsingin Sanomat*, December 20, 1981.

⁹*Hufvudstadsbladet*, January 24, 1982.

BOOK REVIEWS

ON EAST EUROPE

POLAND. COMMUNISM, NATIONALISM, ANTI-SEMITISM. By Michael Checinski. (New York: Karz-Cohl Publishing, 1982. 289 pages, appendix and index, \$22.00.)

Michael Checinski gives us a detailed picture of the Polish security apparatus, based on his 20 years in the Polish military and intelligence services. According to Checinski, the Soviet view is that Solidarity has emerged because of a weak Polish security force. He believes that "behind the closed doors of this service [security apparatus] and with the guidance of the KGB [Soviet secret police] was written the script of Polish postwar history." O.E.S.

POLISH-INDUSTRIAL COOPERATION IN THE 1980's: FINDINGS OF A JOINT RESEARCH PROJECT. Edited by Paul Marer and Eugeniusz Tabaczynski. (Bloomington, Indiana: Indiana University Press, 1982. 409 pages, \$25.00.)

The editors have selected essays that detail the "possibilities for expanded trade and industrial cooperation between United States and Polish firms," particularly in the area of licensing and know-how agreements. United States-Polish trade has increased vastly in the last decade; it is "one of the most dynamic components of East-West trade." O.E.S.

DEMOCRATIC SOCIALISM: THEORY AND PRACTICE. By Mihailo Markovic. (New York: St. Martin's Press, 1982. 215 pages and index, \$25.00.)

An optimistic Yugoslav Marxist philosopher discusses the possibility of the realization of Marx's ideals. At the heart of his book is an evaluation of the potential for self-management and new social relationships.

Alvin Z. Rubinstein
University of Pennsylvania

ROMANIA IN THE 1980's. Edited by Daniel N. Nelson. (Boulder: Westview Press, 1981. 313 pages, \$24.00.)

This collection of essays provides an in-depth study of Romania. Informative chapters focus on the historical background, economic development strategies, political socialization, party affairs, and foreign policy. An index would have helped. A.Z.R.

IN SEARCH OF EUROCOMMUNISM. Edited by Richard Kindersley. (New York: St. Martin's Press, 1981. 218 pages and index, \$22.50.)

The phenomenon of Eurocommunism is viewed from various perspectives—French, Spanish, Italian, British, Yugoslav—in this collection of essays. Specialists will find new insights here. A.Z.R.

MILOVAN DJILAS: A REVOLUTIONARY AS A WRITER. By Dennis Reinhartz. (New York: Columbia University Press, 1981. 113 pages, notes, selected bibliography and index, \$12.50.)

Dennis Reinhartz writes an interesting account of Milovan Djilas, Yugoslav revolutionary and Communist leader, as a literary figure. O.E.S. ■

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STABILITY IN THE WARSAW PACT?

(Continued from page 356)

Soviet force¹⁵ could act as a giant mobile group under direct general staff control or could operate with the southern flank formations of GSFG in cutting into United States divisions. Or it could mount its own major thrust southwestward. However, the cost of replacing Czechoslovak capability has been heavy for the Soviet command; replacing Polish capability, if that were possible, would be even higher; it would call for well over the 18 divisions deployed in recent exercise patterns.

SOVIET-GERMAN INTEGRATION

With the NVA, in East Germany the Soviet command has a well-equipped and well-trained force (though not without its morale problems); its divisions maintain 80 percent of their manpower and 100 percent of their weapons complement, all with high densities (297 tanks and 252 infantry combat vehicles per 10,000 men, higher than the Czechs and Poles). Soviet-German integration appears to have increased of late. There is greater emphasis on German officers mastering Russian, a process that might work for senior officers trained in Soviet military academies. But at division level and below—at the unit level—German is the order of the day, as is national control. German-Soviet coordination may be barely effected by utilizing the Soviet practice of assigning *napravlentysi* (*Richtungs-offiziere*, operational liaison officers) to divisions and even to regiments.¹⁶ Clearly, language is a problem in the Pact (a factor not unknown in NATO); not only operational orders but tactical instructions come down from Soviet operational staffs in Russian, and this information must be relayed to lower levels. Here Soviet training for higher staffs and commanders in the Pact plus the provision that promotion beyond the rank of colonel in Pact military establishments is subject to Soviet monitoring and control may well pay off, but the problem of efficient tactical handling at the lower levels remains, however standardized the tactical repertoires.

¹⁵Five divisions (18 Tank, 13 Tank, 31 Tank, 48 and 33 Motor-Rifle Divisions); and a missile brigade at Jasenik: 50,000-60,000 men with a reported tank park of 10,000 with what seems to me to be a profusion of artillery, anti-tank, anti-air, multiple rocket launcher (MRL) and tactical missile assets.

¹⁶A. Ross-Johnson et al., *op. cit.*, footnote to p. 74. This is a system similar to that operated in the Soviet Army, and I have argued elsewhere that General Staff *napravlentysi* are also assigned at the Soviet regimental level.

¹⁷See Walter M. Bacon, "The Military and the Party in Romania," in Dale R. Herspring and Ivan Volgyes, eds., *Civil-Military Relations in Communist Systems* (Boulder: Westview Press, 1978), pp. 165-80.

¹⁸Air landing/assault brigades have 3 or 4 air assault battalions, one heavy (weapons) battalion, helicopters for lift and fire support, and 2,000-2,500 officers and men.

The "southern tier" (Hungary, Bulgaria and Romania) offer less well-equipped forces. Stolidly pro-Soviet, Bulgaria is a quiescent ally; but the Bulgarian army, organized into three army headquarters and with its armor brigaded, suffers from obsolete equipment, although the recently opened ferry route from the Odessa military district to Varna can mean the speedy shipment and transit of armor and heavy equipment. Hungary maintains a relatively low military profile, suggesting that its main contribution would be to furnish logistics support, with the Soviet southern Group of Forces providing most of the punch. However, the importance of these southern theater forces should not be wholly discounted; their significance is underlined by the shift in Soviet exercise patterns to a north-south axis.

Romania, politically and militarily wayward, resists any form of integration or the loss of national command over its armed forces. But it keeps one toe in the Pact, keeping in touch by nominal participation in staff exercises. The breach is nevertheless considerable; Romania absolutely rejects the Soviet concept of coalition armed forces committed to coalition warfare under Soviet strategic and operational direction.¹⁷

The nominal order of battle, though outwardly impressive, hardly reveals reality. Long gone are the days when the Warsaw Pact was viewed as a military monolith capable of hurling more than 90 divisions against all sectors of NATO in a massive, all-out, fully coordinated and sustainable assault. At the present juncture, the grand total of 85 divisions (31 Soviet, 54 non-Soviet) cannot be reckoned as the operational strength or as an indicator of the operational effectiveness of the Pact. With regard to the much vaunted "iron triangle," the "northern tier," the military core of the Pact, there also has to be some reassessment. On paper, the non-Soviet establishments should provide 30-31 divisions (6 East German, 15 Polish, 10 Czechoslovak) plus 26+ Soviet divisions (19 in GSFG [Soviet Groups of Forces], 2-3 in Poland, 5-6 in Czechoslovakia). But it would be unrealistic to assume an operational order of battle of 56-58 divisions, at once fully available, fully equipped and properly trained, to say nothing of their fighting spirit.

Turning to that vexing issue of manpower and manning levels—the great stumbling block in the Mutual Balanced Force Reduction (MBFR) talks in Vienna—a tally of 935,000 men may be estimated for the iron triangle forces, assuming that counting means anything. Speaking of counting, there is some small evidence that the Polish military was far from satisfied with the manner in which the Soviet command counted Polish troops; on the other hand, there are suspicions that combat elements are being "tucked away," hived off into separate air landing brigades and the like.¹⁸ Come to that, the French are counted in or

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TRADE AND INTEGRATION IN EAST EUROPE

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qualitative change is about to take place in trade with the East as a result of the European decision to import 40 billion cubic meters of gas a year from Siberia's remote Urengoi fields.¹⁶ President Reagan is one of those who believe that the project would make Europe dangerously dependent on Soviet energy supplies and would provide the Soviet leadership with much-needed hard currency that could be used on armaments.

Clearly Europe will be more dependent on Soviet energy if the 3,700-mile pipeline is constructed, but "in European eyes, the Soviet Union is a more dependable gas supplier than third world producers like Algeria, which has cut off supplies to France and Italy in a bid to lift prices"; moreover, to guard against overdependence, the Netherlands says its Groningen reserves will be available, and France and Norway plan large new investments in gas reserves.¹⁷ At the moment, in fact, West Europe is more concerned with the employment this project will create than with overdependence.

This is understandable, given the fact that the Soviet Union could order as much as \$15-billion worth of heavy machinery and large-diameter steel pipe from West Europe, where the unemployment rate has reached 8.7 percent. No one knows exactly how many jobs this order would generate, but the consensus is a great many. Since the work would be done over the next few years, the resulting employment might carry these Western economies until they can recover from the current economic recession. Thus, because of economic interdependence, in order to obtain technology and hard currency the socialist East would help the capitalist West alleviate its unemployment problem.

Another facet of East-West interdependence involves agricultural products, grain in particular. In 1917, Russia was a major grain producer and exporter; today, it imports millions of tons a year. In fact, agricultural commodities account for two-thirds of American exports to the Soviet Union, and the ratio is even higher for East Europe. This shift can be explained by three sets of factors. First, the systemic factors: Soviet and East European agriculture (except for the Hungarian) suffers from a series of organizational, motivational and allocational problems, which stem from collectivization errors and the low priority accorded this sector until fairly recently. Second are climatic/geographic factors—less than 15 percent of the Soviet Union is arable, and temperatures and rainfall

are undependable. Third are policy changes in recent years—the Soviet Union has been attempting to shift the food balance to provide more meat for its people, while the leaders of Poland and other East European nations have tried to use food imports to buy the allegiance of their people (in Poland the attempt backfired).¹⁸

Whatever the reasons for the great Soviet and East European demand for agricultural imports, the West and some third world countries have been willing suppliers. American farmers, despite their conservative bent, clearly favor selling to the East as long as the price is right. The grain growers want an assured market for their output; but they have succeeded only in persuading the administration to agree to a simple one-year extension, because of President Reagan's own position and pressure on him from West Europe.

The final dimension of East-West interdependence is the factor that underlies all the others: credit. The credit connection arrived with détente at the end of the 1960's, when the Soviet Union and East Europe began to pursue import-led growth strategies. Things went well while the East's hard currency debt was low and world markets were buoyant, but the oil crisis of 1973 altered that. With its heavy dependence on imported oil, mostly from the Soviet Union, East Europe was hit with a large adverse shift in its terms of trade just when its hard currency exports were squeezed by the recession in the West. Some countries, like Czechoslovakia, lowered their growth targets and tightened their belts, but others, like Poland, continued their import-led approach.

Western banks with plenty of OPEC (Organization of Petroleum Exporting Countries) money were eager to lend it to the East, and Western governments were happy to provide subsidized credit. By 1980, the East had net liabilities with Western commercial banks of \$45 billion compared with only \$6.7 billion in 1974, and total Soviet bloc debt to the West in 1982 amounts to about \$80 billion, of which \$30 billion is the Polish debt. Thus, there is an \$80-billion link between East and West. Like job creation and grain sales, the debt fosters development of powerful political lobbies in the West while it opens traditionally closed Soviet-bloc economies to outside economic forces, like rising interest rates and sagging markets.

To meet the debt-servicing obligation of this debt, the East can draw down its reserves, borrow more or generate more hard currency surpluses. Given inadequate reserves and the reluctance of bankers to make additional loans to those previously considered eminently credit-worthy, the only real long-run choice for Eastern nations is to cut their imports or increase their exports of hard goods or both. By simply reducing net imports, the bloc risks popular reaction to decreased consumption and growth. Thus, the leadership probably prefers to find ways to expand hard currency

¹⁶*Ibid.*, p. 66.

¹⁷*The New York Times*, May 30, 1982, p. F7.

¹⁸See Alex Pravda, "Poland 1980: From Premature Consumerism to Labour Solidarity," *Soviet Studies*, April, 1982.

exports, like the Urengoi pipeline. In addition, in the present political climate, the bloc will probably look within itself to meet its needs; thus a fair amount of reintegration with Comecon is inevitable.

INTEGRATION

The initial attempt at East European economic integration can be traced to the founding of CMEA in 1949. At the time, most observers believed that the council was Joseph Stalin's propaganda ploy to "marshal support for the skeptical Soviet views on the real nature of the Marshall Plan, the heretic Yugoslav road to socialism, or other disquieting international events."¹⁹ However, the Soviet desire for political and economic control over the region, the cold war atmosphere, and the desire to establish a comprehensive Soviet policy of economic development for the centrally planned economies also influenced the establishment of Comecon.

Its original aims were vague: "exchanging economic experience, extending technical aid to one another, and rendering mutual assistance with respect to raw materials, foodstuffs, machines, equipment, etc."²⁰ Behind this vagueness, some observers see a serious commitment to a common integrated economic policy, which was frustrated by a lack of agreement among East European leaders on specific goals and policies, the absence of planning and coordinating mechanisms and the lack of any real authority in CMEA itself. Agreement was lacking in no small part because the Soviet Union offered its approach to economic development as a model, and members of the bloc, by and large, adopted this model along with its emphasis on growth through industrialization, central planning, and economic independence to the maximum feasible extent. The result was that, during the 1950's, Comecon remained largely dormant, confining itself mainly to coordinating trade plans of selected commodities and exchanging technical information.

During the 1960's and 1970's, attempts were made to transform CMEA into an organization like the European Economic Community (EEC), which would play a major part in promoting economic integration among its members. The problem is that the EEC is

a supranational organization, while CMEA is not:

Furthermore, while the principal mission of the EEC is to establish and referee the rules under which private enterprise can seek profitable commercial opportunities in the member countries, the CMEA's task is much more difficult: to find a mechanism of integration, which can substitute for the market forces that are absent as long as its members' economies are strictly centrally planned.²¹

Probably the most famous proposal for bloc integration came from the Soviet Union under Nikita Khrushchev, who advocated converting CMEA into a genuine planning authority for the bloc. The smaller members, however, feared that supranational planning would be dominated by the Soviet Union. The idea was squelched in 1964 after Romania (exercising its Comecon right to veto decisions which affected it) publicly rejected the proposal. Thereafter, it was clear that economic and political sovereignty constituted perhaps the greatest obstacle to integration. Added to this are a whole host of problems: (1) the structural bias in centrally planned economies toward quantity and production rather than quality and the customer's needs; (2) administered prices and arbitrary official exchange rates; (3) bilateralism; (4) lack of convertible currency (the so-called "transferable ruble" is not really convertible and not exchangeable for other currencies);²² and (5) the lack of any mechanism in CMEA for joint risk-taking.²³

As their economies became more complex and economic growth slowed in the late 1960's, most of the CMEA countries instituted reforms in their planning systems, foreign trade monopolies and internal price and exchange rate systems; but "the 'traditional' foreign trade mechanism is still essentially intact, at least as far as trade within the bloc is concerned."²⁴ What emerged from the discussion of this period was the 1971 Comprehensive Program for socialist integration, an attempt to substitute joint planning of key sectors for politically infeasible supranational planning.

To allay fears of compulsory super-planning, an important compromise included in the Comprehensive Program (and now a permanent feature of CMEA) is the "interested party principle," under which members participate only in those Comecon projects or programs in which they have a "material" interest.

What has been accomplished under this program? In the area of plan coordination, planning begins earlier, involves more standardized information on common projects and includes specifics of integration measures; but observers are hard put to see any noticeable improvement. This leaves the joint CMEA investment projects, which represent the major new form of CMEA activity. About a dozen of these were initiated during the 1976-1980 five year plan, mostly in the U.S.S.R.; the Orenburg gas pipeline is a good example.

The joint investment projects serve two ends: re-

¹⁹Jozef M. Van Brabant, *Socialist Economic Integration* (New York: Cambridge University Press, 1980), p. 18.

²⁰*Ibid.*, p. 35.

²¹Paul Marer, "Foreword," in Kalman Peci, *The Future of Socialist Economic Integration*, translated in a special issue of *Eastern European Economics* (winter-spring, 1980-81), p. 8.

²²Katalin Botos, "On the Further Development of the Currency and Financial System of the CMEA," *Soviet Studies*, April, 1982, p. 230.

²³Paul Marer and John Michael Montias, "CMEA Integration: Theory and Practice," in U.S. Congress, Joint Economic Committee, *East European Economic Assessment*, part 2 (Washington: U.S. Government Printing Office, 1981), pp. 155-157.

²⁴*Ibid.*, p. 158.

gional integration by sector and regional cost-sharing of resource development burdens. Since these were the elements of Soviet policy for the region, it has been assumed that East Europe did not gain from participation in such projects. But this may not be true; some observers say that if there is a significant cost to East Europe, it must be in terms of any loss of autonomy resulting from increased regional interdependence and the potential leverage that dependence on Soviet energy and raw materials provides the U.S.S.R.²⁵ However, increased dependence on Soviet natural gas makes possible a reduced dependence on oil from the U.S.S.R.

Overall, the joint investment projects of the late 1970's were expected to total about \$12 billion, and they were generally larger and more nearly multilateral than previous CMEA ventures. There are signs that the joint projects format will increasingly give way to the long-term target approach with more restructuring of investments within the East European countries. This will provide improved inputs to resource development in the U.S.S.R. The terms of each arrangement will be negotiated on a short-term, bilateral basis and may be far less favorable to East Europe than the joint projects were.

"Socialist economic integration" has apparently been modest at best. Institutional differences, inertia and vested interests have constrained the integration process and have demonstrated that, like most important goals in centrally planned economies, it must be planned by the state at the highest levels and enforced at the intermediate and lowest levels. There appear to be only two ways to accomplish this:

One option is the imposition of supranational authority over the members whereby policies working for integration would be ordered by the "center." Although Moscow probably prefers this solution, Kremlin leaders know that the Soviet Union incurs significant political costs when it uses force overtly to gain its ends. This gives the East European states some room for maneuver. The second option is comprehensive economic reforms, a key component of which must be economic (as opposed to administrative) decentralization, a reform in the price mechanism, and the introduction of currency convertibility. At the very least, the evaluation of proposed CMEA projects and specialization agreements must be based on generally accepted cost-benefit calculations, even if the CMEA trade and financial mechanism remains unchanged for the time being. An intermediate solution might lie in an initiative by an East European subgroup of CMEA to undertake comprehensive domestic economic reforms and simultaneously to move toward subregional integration. In any event, the key to the choice lies in the politico-economic preferences of the leaders in the U.S.S.R. They will choose among these options to achieve more rapid and far-

²⁵See John Hannigan and Carl McMillan, "Joint Investment in Resource Development: Sectoral Approaches to Socialist Integration," in *East European Economic Assessment*, part 2, pp. 261-262.

²⁶Marer and Montias, *op. cit.*, p. 179.

reaching integration if and only if the gains they expect from this "common good" outweigh the expected political losses they are likely to suffer under any alternative course.²⁶

THE GERMAN DEMOCRATIC REPUBLIC

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the West German Hallstein Doctrine (a doctrine which said West Germany would break diplomatic and trade ties with any country recognizing East Germany). The third world was also viewed as a fertile field for sowing the seeds of socialist development and cultivating future markets.

The Honecker era brought renewed interest in developing countries from two perspectives: cultural and educational support, and military aid. East Germany's cultural and educational activities in the third world have concentrated on sub-Saharan Africa, with major efforts in Ethiopia, Angola, Mozambique and Guinea-Bissau. "Friendship Brigades" of young teachers and skilled workers associated with the Free German Youth organization in nine developing countries are currently practicing an "effective form of anti-imperialistic solidarity" while teaching mechanical and basic engineering skills. This effort has been extended to the Middle East (South Yemen) and to Vietnam.

Many of the same third world countries have benefited from East German military skills. When a Japanese journalist asked in May, 1981, if East German troops were stationed anywhere outside East Germany, Honecker replied that he knew of none, except, perhaps, for troops engaged temporarily in maneuvers. This was at best a disingenuous response. Although hard data are rare, it is apparent that some 2,700 military advisers were stationed in seven African countries in 1980. It is unlikely that the numbers have declined. East German military specialists are also involved in South Yemen.¹⁷

East German military advisers abroad are active in intelligence and internal security. These highly sensitive areas give the East German advisers a significance far beyond their numbers. In all this East Germany is carrying out a role in the socialist international division of effort with Cuba and the Soviet Union in support of national liberation movements and progressive forces.

Ideologically, economically and militarily, East Germany will continue to serve as a western anchor, securing the socialist bloc for the Soviet Union. Ideologically the SED leadership will reinforce the Soviet line without significant reinterpretation. This trend was confirmed and guaranteed at the tenth congress of the SED in 1981.

Economically, East Germany evidences problems

¹⁷"Wir haben euch Waffen und Brot geschickt," *Der Spiegel*, vol. 34, no. 10 (March 3, 1980), pp. 42-61.

that will intensify later in the 1980's. Still, past economic performance and the currently desperate state of the Soviet allies indicate that East Germany will produce relatively well within the socialist bloc. Economic problems in the West will highlight the apparent stability of the SED regime.

Militarily, the NVA will remain on the front line alongside the Red Army, and East Germany will play its military role in the third world, finding there a welcome and expanding outlet for traditional talents and progressive socialist solidarity. ■

POLAND: QUO VADIS?

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politically articulate groups in Poland, including the Catholic Church and, eventually, Solidarity. Among the most urgent tasks was reform of the electoral law and the possible return to a traditional bicameral Parliament and meaningful elections. It became extremely awkward for the party to deny society the right to free elections after the party had adopted such a practice itself.

The party, too, moved to broaden its constituency. With its policies discredited, it needed to acquire and claim as its own the relative popularity of the Polish Army. The party invited General Wojciech Jaruzelski, Commander of the Army, to take the office of Prime Minister and First Secretary of the Communist party. From an ideological point of view, it was surprising that a Catholic was appointed to the rank of Cabinet minister in Poland, but unlike the historical compromise in Italy, the Polish version demonstrated the weakness of the Communists and a sharp departure from the standards set by the Soviet Union for a "healthy" Communist state.

But the party congress failed to institutionalize pluralism. As one observer noted:

The delegates appeared preoccupied with settling old scores, apportioning blame for the crisis and voting out of office anyone tainted by the mistakes of the previous leadership. Remarkably little attention was paid to the future and the meeting failed to agree on a vision and a program for getting out of the crisis.¹¹

For the party to lead the country out of the crisis it was desirable for it to distance itself from the daily administration of the country with all the freedom and enlarged perspective that would have afforded. Instead, it chose to retain the red tape of the system, identified with every shortcoming that entailed; and despite changes in leadership and internal discipline, the party bureaucracy survived the Congress with its personnel and prerogatives largely intact. It did nothing to create the conditions for a partnership with

those political forces eager both to accept socialism and to respect the party's unique position as arbiter of the system and its sole voice in national security affairs. The party had not formally reformed the Leninist-Stalinist concept of its leading role, so democratization within the party was not allowed to manifest itself through a democratization of the country—for example, a coalition government representing the Polish triad of the Communist party, the union and the Church.

Specifically, the Congress failed to introduce a system of "contractual" democracy, which on the one hand would guarantee a genuine political pluralism in Poland, and, on the other hand, would preclude the possibility of struggle for political survival. To achieve this result, a meaningful share of power would have to be apportioned to several political parties, including the Communists, and the participants would have to be allowed to engage in a political dialogue, but would not be allowed to eliminate each other by such means as "knocking" or voting each other out.

Under the circumstances, the democratization of the party had been a mistake that was later corrected by martial law. More decentralized structure weakened the ability of the central authorities to solve pressing national problems or effectively to counterbalance Solidarity. And while it produced a diffusion of rank and file members who were no longer bound together by strict enforcement of party discipline, it also strengthened the party's hierarchically organized bureaucratic core. Those professional cadres with the greatest stake in the system quickly formed an alliance with the internal security forces and the top political echelon of the Army. Without a program of national democratization, the apparatus of coercion became the party's sole source of power.

In the eyes of the general public, the initiation of democratic reforms limited to the party was just another maneuver designed to stabilize the regime, a new way to manipulate Polish society. It was also seen as a convenient method of removing Gierek's Silesian gang from power and of covering over (instead of revising) the centralistic-bureaucratic and monopolistic propensities of communism.

Soon after the congress adjourned, Communist dogmatism resurfaced with the party's rejection of a grand coalition; this was said to be an unrealistic attempt to reconcile forces representing dialectically antagonistic classes. Solidarity was portrayed as a counterrevolutionary organization, and the idea of socialist pluralism was dismissed as a politically naive expectation that two parallel authorities could function in the same state. This new orthodoxy marked a change in attitude toward dialogue with Solidarity.

By the autumn of 1981, the party no longer felt bound by its self-imposed restrictions on the use of force. Instead of encouraging the union to negotiate,

¹¹Michael Dobbs, "Political Earthquake," *The Washington Post*, July 23, 1981.

the authorities issued a list of demands: that Solidarity cease to act as a political party, end its criticisms of the government, desist from all strikes and abandon all international activities. The reform congress had the paradoxical outcome of strengthening the opponents of reform, tilting the center of power in the direction of the internal security apparatus and, owing to the visible disintegration of the party, creating a false impression of a power vacuum—an invitation to the union to take politically decisive steps.

Not surprisingly, considerable ambiguity surrounded the political status of Solidarity. It was neither a trade union nor a political party; rather, it was a spontaneous, sociopolitical mass movement involving about 70 percent of the Polish labor force. In contrast to the party congress, Solidarity celebrated its first anniversary by debating concrete measures for resolving the national crisis. It was ready to focus on a political platform, which, among other recommendations, favored cuts in military spending, comprehensive fiscal reform, decentralization of the economy by giving workers a voice in running factories and the establishment of an independent judiciary.

The Solidarity congress established what was in effect a second Polish government based in Gdansk. The question of free elections, which without a doubt would sweep the Communist party from power, received extensive consideration, but the demand was eventually dropped in favor of direct negotiations with the authorities. The union, however, did not hesitate to challenge Soviet supremacy in East Europe. In a provocative act of defiance, the congress called on "working class people" throughout the bloc to establish independent self-governing unions like Solidarity. As noted by *Trybuna Ludu*, the Central Committee's daily newspaper, this appeal "set Solidarity against the socialist world."¹² TASS, meantime, declared that from Moscow's point of view it was a "call for struggle against the socialist system, openly provocative and impudent toward the socialist countries."

Although the union had not renounced its vow to respect the leading role of the Communist party—that is, it did not openly endorse free national elections—it was no longer a "loyal opposition" faithful to the principles of socialism. It declared itself to be an independent and dominant political force in the nation, and some of its members inclined to negotiate with the regime were denounced as collaborators.¹³ Rejection of socialism was viewed by the authorities as contrary to the national interest of a Polish nation now left unprotected against "fraternal aid" from Moscow. The rules of the game had changed.

The congress also exposed two weaknesses of Soli-

darity as a political party. First, its ideological diversity became apparent. As a political organization it was divided along three lines of orientation: social democratic, Christian democratic and a grouping of anti-Communists (liberals). This ideological heterogeneity prevented the congress from centralizing authority in the national committee. The union clearly outnumbered its rival, but Solidarity never became a well-tuned political instrument capable of matching the numerically inferior but organizationally superior Communist party and its control over the apparatus of coercion.

Second, political particularism played a damaging role. The union had been wasting its resources on relatively minor issues of local concern, causing the strike weapon to depreciate. This was an ominous development that eventually prompted Solidarity to escalate its conflict with the party by reaching for free elections as a more effective weapon. It gave the party a two-month period of grace to reach a political compromise that would have meant the end of the party's power monopoly. But the party was not only unwilling to abdicate, it was unable to act at all. A political stalemate resulted. The essential question was whether the Soviet Union would become involved directly or act by proxy.

ACT III: KNOCKOUT—THE LESSER EVIL

Poland's options by the end of 1981 were few indeed. Hypothetically, the apparatus of the Communist party could still prevail over a fragmented Solidarity. This "return to order," advocated by the most dogmatic elements of the party hierarchy, would spell the end of the entire program of renewal; political control of every aspect of economic and social life would have to have priority over economic efficiency. In historical perspective, it would set conditions for another round of Poland's vicious circle with the possibility of violence on a national scale.

A second contingency, holding free elections with a landslide victory for Solidarity, was likely to produce general chaos. The union was a spontaneous and euphoric movement, unable to preserve its internal cohesiveness. Its centrifugal forces, so difficult to contain even under conditions of Soviet pressure, would scatter Solidarity into many rival parties; the union had neither a comprehensive ideology, nor an institutional framework, nor political expertise. The union had proved effective in "washing out" communism in Poland; it became a formidable challenge to the oligarchic system, but it never demonstrated the kind of maturity necessary to assume all the functions of the state in Soviet-dominated East Europe. As an opposition it could help to democratize politics in Poland; alone, it could not assure a stable democracy.

Moreover, Soviet intervention was a certainty if free elections were organized. As in 1945, when the Yalta

¹²Quoted in John Darnton, "Polish Party Criticizes Union's Appeal," *The New York Times*, September 10, 1981.

¹³Lecture by Jerry Wiatr, *Gazeta Krakowska*, December 10, 1981.

agreement provided for "free and unfettered" Polish elections, free elections are a luxury inaccessible to the Poles. Soviet leaders tolerated what they regarded as insults from the union, and they showed a readiness to compromise on several sacred canons of Marxism-Leninism. But they would not accept a rollback of the Soviet system in East Europe, nor could they tolerate an instability that threatened Soviet security on their Western frontiers. Any "fraternal aid" rendered to Poland would be bloody, expensive and prolonged. Yet, in the Soviet view, that alternative was preferable to the consequences of free elections in Poland, which would alter the balance of power in Europe.

For Poland, on the other hand, the final outcome of a Soviet-led invasion could de facto reduce Poland to the status of a Soviet republic, with the possibility that East Germans would assume "temporary" administration over a portion of the Oder-Neisse territories. Already discredited in world opinion, the Soviet Union might be inclined to solve the Polish problem once and for all (as it tried to do after the 1863 uprising or after the Soviet-Nazi Pact in 1939). Thus armed Soviet intervention would constitute a threat not only to Poland's national independence but to its national identity.

ROLE OF THE CHURCH

The Catholic Church is the only institution not associated with the Communist system that appears equipped to take over functions of the state. However, despite the encouragement it received from Solidarity, the Church consistently rejected excessive involvement in politics. In the past, its political ambitions have been channeled into a concern for issues related to freedom of conscience, social justice and national traditions. Since World War II, its political strategy has been to oppose communism while avoiding the destabilization of the system for fear of Soviet invasion. Regardless of their ideological antagonism, the Church and the Communist party have depended on each other for survival. The Church has helped the party maintain a consensus based on an understanding that there is no realistic alternative to Communist rule; at the same time, the party protects the Polish nation, including the Church, from the Russians.

In its political duel with communism, the Church has employed the policy invented by the party, the strategy of juxtaposing the state against the Roman Catholic hierarchy, but the sharp edge has been turned against the state, comparing the 5-6 percent of

all Poles who are formal Communists and the 90 percent who are Catholics. Religious practice in Poland is a political act, a manifestation of passive resistance to the state and its ideology. The Church is viewed popularly as a martyr to Communist oppression, a symbol of hope and the curator of a national identity threatened by communism. The greatest achievement of the Church in postwar Poland has until now been the preservation of ideological pluralism.

In the triangular pattern of Polish pluralism, the Church has assumed the role of arbiter of the national interest and mediator of last resort. According to the late Stefan Cardinal Wyszynski, the Church has "not only the right but the moral and religious duty to defend the faith, our traditions, and our Polish culture."¹⁴ For this reason, during the recent crisis, the Church preferred to keep its distance from politics; the Church cannot afford to risk the consequences of direct political involvement, and the wisdom of this approach has been vindicated many times. In 1,000 years of Christianity in Poland, the Church has survived intact and continues to speak freely, even after the imposition of martial law.

THE MILITARY

Thus the Army, reinforced by internal security units, was the sole institution in Poland able to respond to the crisis. Proclaiming that he was acting in the interest of "national security and political stability," General Wojciech Jaruzelski, the commander-in-chief, Premier and first secretary of the party, imposed martial law,¹⁵ allegedly to avoid a civil war that assuredly would have brought in Soviet troops. Thus the state of emergency and military rule were portrayed as a lesser evil.

The military is not neutral. The military "knockout" was not an even-handed reaction against the Communist bureaucracy and the "extremists" within the union. Under the pretext of removing a group of "madmen" from Solidarity, the military destroyed the entire union—the only genuinely representative body Poland had. In effect, martial law eliminated Polish society as a partner in decision making and turned back the clock to the days when political decisions were a function of struggles among the competing groups of a closed system.

The final outcome of the Polish struggle between the moderates and the dogmatists is not yet known, but at this moment there is a stalemate tilted to the dogmatists. A prolonged suspension of civil rights, political "verifications" (a practice common under Stalinism), purges and calls for ideological purity, together with an emphasis on work discipline rather than self-government and decentralization, greatly outweigh the sporadic promises to resume a dialogue and eventually to introduce pluralism in Poland. One must conclude, therefore, that the process of "socialist renewal" under military supervision in Poland has a closer resemblance

¹⁴Quoted in Jan Nowak, "The Church in Poland," *Problems of Communism*, January-February, 1982, p. 15.

¹⁵*Trybuna Robotnicza*, December 14, 1981. For more comments on martial law in Poland see J. B. De Weydenthal, "Poland's Parliament Ratifies the State of Emergency," *Radio Free Europe*, RAD Background Report, no. 24, January 29, 1982, p. 4.

to post-1968 "normalization" in Czechoslovakia than it does to a prelude to democratization. The only unknown is how patient Polish society is going to be, especially in view of the fact that while martial law has produced temporary political stability it has done very little to encourage economic stability or to find a solution to the structural problems of the Polish economy.

The military regime in Poland may not be aware of the superficial nature of its control. The most recent revolt in Poland is the fourth consecutive case of the use of force and deception on behalf of the Communist status quo. If the vicious circle continues, the next revolt may be a violent national uprising, since all peaceful means to institutionalize even limited pluralism have been exhausted. For decades, Poles hoped that democratization, liberalization, and a higher standard of living would eventually materialize. Although the hope of a transition to pluralism is gone, the Polish drama must continue. ■

ALBANIA: RETREAT TOWARD SURVIVAL

(Continued from page 380)

stration by students at Kosovo University which spilled out of a cafeteria and into the streets of Prishtina. In a few days, what had begun as a food-fight of sorts protesting poor living conditions at the university rapidly spread to other Albanian schools and towns in Yugoslavia. The resulting riots, blamed by Belgrade on radical "irredentist groups" that were supported by Tirane, sharply focused attention on Yugoslavia's 1.25 million Albanians.

This time, however, the response from the Yugoslav authorities was both swift and harsh. Yugoslav troops quickly established martial law in the province of Kosovo, closed Albanian schools, and killed at least nine demonstrators in the streets. Two thousand Kosovars were arrested. Sixteen hundred were sentenced to prison, 400 receiving sentences of from one to fifteen years.²⁰ Almost overnight Belgrade's "bridge" to Tirane burned to the ground.

Belgrade's problems, however, have remained a blessing for Tirane. With martial law still in force in Kosovo, where sporadic rioting continues to create enormous problems for the Yugoslav federation in general and for the Republic of Serbia in particular,

²⁰See Stevan K. Pavlowitch, "Kosovo: An Analysis of Yugoslavia's Albanian Problem," in *Conflict Studies*, pp. 7-21. Pavlowitch and Biberaj both provide ample reason why, as Hugh Seton-Watson states in his introduction, "the English-speaking public should pay greater attention to the Albanians at present."

²¹Soviet influence between 1947-1960 perhaps transformed Albanian society more radically than did five centuries of Turkish rule, but perhaps also provided the country with its best defense against Yugoslavia, the "Sick Man of the Balkans."

the APL is free to divert public attention across the border and to draw world attention to the Communist system it predicts is about to pay for its "opportunistic" revisions of genuine revolutionary Marxism-Leninism. And Albania is free to ridicule Yugoslav leaders who are attempting to obscure the true reasons for the failure of their policies, placing the blame for the Kosovo riots outside the country. It must have come as somewhat of a surprise to Hoxha that the European press has generally ignored Belgrade's finger-pointing at Tirane. It has studied instead arguments that have appeared in *Zeri i Popullit* (ZIP—"The Voice of the People"), the official organ of the APL, paying more serious attention than it had previously to Tirane's assessment of internal problems—problems deeply rooted in a Byzantine and Ottoman past—that Yugoslavia has failed to resolve.

A look at Albania's Zogist and Ottoman past—or, more precisely, Tirane's interpretation of that past—helps explain to a large extent the fiercely nationalistic rhetoric of the country's postwar leadership. As long as the plight of the Albanians in Yugoslavia threatens to dismantle the Yugoslav federation, the APL leadership will continue to remind Albanians of their long (and successful) struggle for national survival, now symbolized by the "just demands" of the Kosovars for an end to their cultural, social, economic and political repression.

It remains to be seen whether Hoxha's successors will be able to rid the country of its Stalinist legacy, reinforced as it is by the Sigurimi, Albania's secret police, and the propaganda wings of the APL: namely, the women's, youth and labor organizations. Given the potentially explosive situation across their border in Kosovo, Hoxha's successors may not want to legislate away any of their power, buttressed as it is by the Albanian constitution of 1976. Hoxha's suppression of human rights at home—the dark side of Stalin's legacy—in the name of the "steel-like unity" of the people led by the dictatorship of the proletariat—remains a basic feature of Albania's new religion. And Hoxha's "castle" should last at least as long as the principles of "genuine socialism" remain linked to the problem of ethnic survival in an increasingly turbulent Slavic sea.²¹ ■

STABILITY IN THE WARSAW PACT?

(Continued from page 385)

out of the NATO system as the politics of special counting (or discounting) requires.¹⁹

Possible explanations of operational patterns may be discerned outside the nominal order of battle. Assume that the in-place, unreinforced preemptive assault pattern best suits Soviet purposes, because the least at-

¹⁹The NATO study of "comparative strengths" (reported in *Aviation Week and Space Technology*, May 10, 1982, p. 17) seems to me to be a singularly inane example of "counting."

tractive Soviet option would be a commitment of forces against a well-prepared and fully deployed NATO defense. Then a large-scale, cumbersome and time-consuming Pact mobilization in all its formality may be ruled out, since surprise, which is of the essence, would be wholly dispelled. Marshal N. Ogarkov recently intimated that the classic concept of forming fronts is no longer valid, since in scale (and intensity) theater-wide operations can accomplish strategic tasks for which front organization would be too restrictive.²⁰

Much will depend, therefore, on the organizational and operational assignments of these theaters of operations (TVD's) and attendant strategic sectors. Cross-national task forces with select non-Soviet participation (specialized units, support, rear security) or even as part of assigned battle groups would provide useful forces, which could be readied with a form of mobilization by exercise/maneuver. In that context, the pattern of exercises, changed some time ago from large, standardized maneuvers to more specialized training, including amphibious operations in the Baltic, winter warfare in the Carpathians, armored thrusts through narrow mountain valleys, night fighting in heavily wooded country, and experimentation with mobile operations in Hungary.

Most commentary on Soviet/Pact operations presupposes the staged movement of first and second echelons, bringing large masses of armor and artillery to bear in a relatively short period.²¹ This seems to imply shifting Groups of Forces forward holus-bolus, followed by reserve divisions. But this swarming into an attack zone at some distance from the battle line does not seem to fit with growing Soviet emphasis on *peregruppirovka*, not merely tactical regrouping but regrouping on a strategic-operational scale.²² Echelonning does at least afford great flexibility, and operational patterns might envisage an initial assault without mo-

²⁰Marshal N.V. Ogarkov, *Vsegda v gotovnosti k zashchite Otechestva* (Moscow: Voenizdat, 1982), pp. 34-35. This is exactly the formulation he employed in his article in *Kommunist*, no. 10, 1981.

²¹In terms of gross figures, the Pact forces can mass 13,300 armored vehicles and artillery pieces in the 1st echelon on the FEBA; within 16 hours they can add a 2nd echelon of 7,100 tanks/guns; and within 48 hours they can bring 19,400 tanks/guns into action. Note, however, that this massed force must deploy along *five* axes of advance.

²²I understand that three contexts were being considered: *peregruppirovka* in (i) intercontinental, inter-theater and inter-front terms, (ii) operational levels—inter-front and inter-army, and (iii) tactical, involving division and below (units).

²³The BMP-80 was brought into GSFG in 1978-1979.

²⁴Quite the best survey of this Soviet program was written by Donald L. Madill, "The Continuing Evolution of the Soviet Ground Forces," *Military Review*, August, 1982, pp. 52-68; it covers organization, weapons, tactical forms and tactical air, with excellent reference material.

²⁵A 152-mm gun, mounted in a turret on a modified TATRA-813 chassis. This is less a turret than a truck-mounted casemate, so that the gun cannot be trained laterally.

bilization, the use of airborne units and air transport to push units forward, with dispersed forces picking up cross-national battle groups as they deploy to exploit success—none of which tactics would override the Soviet principles of deception, surprise and shock power. On the contrary, these could be studiously applied, and non-Soviet Pact military units would have considerable utility. With pre-assigned units, their capability would be known, coordination would not be an insuperable problem, and the logistics load could still be carried along separate Soviet and national lines.

This analysis would not be complete without reference to the major modernization and restructuring program of the Soviet Ground Forces (Soviet Army), the main military muscle of the Pact. This formidable catalogue includes improvements in mobility, firepower, shock power, command and control, air defense, electronic warfare (EW), logistics and sustainability. The T-64 tank now equips GSFG; the T-72 has been brought into the western military districts (and introduced in small numbers in non-Soviet Pact armies); the BMP (infantry combat vehicle) has gone to motor-rifle and reconnaissance units (a new BMP model mounts a 30-mm gun);²³ artillery holdings have been expanded (GSFG now has 30 percent more artillery plus an increment of some 17,000 men); nuclear-capable heavy artillery brigades equipped with 203-mm howitzers and 240-mm mortars have been introduced; there are new tactical missiles (the SS-21 and SS-22) and the BM-27 multiple rocket launcher (kept under wraps for a lengthy period); and in the field of *upravlenie voiskami* (troop control, or C₃—command, control, communication) improvements include communication by satellite, radio equipment, and computerized systems for field artillery and tactical decision making.²⁴

The tank battalions in the motor-rifle divisions have received more tanks (from 31 to 40), and tank regiments in tank divisions are acquiring motor-rifle battalions (in place of the previous companies) as well as artillery battalions. The net effect of these changes gives both tank and motor-rifle elements the capacity to operate in a combined-arms mode with a mix of armor-infantry plus artillery support, air defense and NBC (nuclear, biological, and chemical warfare) protection. This great influx of artillery was accompanied by a protracted and intense debate in Soviet circles, which have now concluded that the artillery battalion (rather than the battery) should be the basic organizational unit. Today, the introduction of two self-propelled guns (the M-1973 152-mm and the M-1974 122-mm self-propelled howitzer) at last provides support for fast moving advances. Both the Polish Army and the NVA have paraded these models, while the Czechoslovaks have developed a rather oddly configured vehicle of their own.²⁵

Perhaps most impressive is the buildup in helicopter

ter strength in transport, support and attack modes. What must be of great relevance to the European theater is now being tested in Afghanistan; the operational evaluation of the SU-25 (FROGFOOT)²⁶ close support aircraft, and the development of tactics for the integration of fixed-wing aircraft with the powerful Mil-24 helicopter. Moving from the tactical battlefield, the Su-24 (FENCER)—some 400 of which are in service but not deployed in strength beyond Soviet boundaries—provides the Soviet command with the capability to mount precision strikes throughout the depth of the NATO region.²⁷

While this is usually described as a Soviet military buildup, from the Soviet viewpoint it is essentially the maintenance and the reinforcement of favorable force ratios, levels of weapons and manning required to meet operational norms. Such calculations, however, are only part of a larger equation.

If the Pact (the non-Soviet elements) contributes only marginally to overall Soviet capability, why does the Soviet Union carry "in the economic sense over 80 percent of this [defense] burden within the framework of the Warsaw Pact."²⁸ The military economics of the Pact are a separate and complex subject, and what is often interpreted as political difficulty in Pact circles may have much more to do with money and machines, especially when the pace of military modernization is being forced in badly battered economies.²⁹ Perhaps the answer lies in the Soviet conviction that this is the age of contending coalitions, where an appropriate correlation of forces is essential to security requirements; here the Warsaw Pact has undeniable utility in spite of dissatisfactions and querulousness.

The Polish crisis notwithstanding, the Pact does not appear to be on the point of dissolution, even if that crisis has visibly damaged military readiness, military-economic relations, and the general mobilization base. I have never shared the view that the Warsaw Pact is an entangling alliance for the Soviet Union; Moscow has a ruthless way with encumbrances and entanglements. As long as the Pact has a perceived utility, it will be maintained and sustained in spite of its cost and its demand for a larger slice of Soviet military resources. Most important, in an age of global coalitions—a dominant Soviet strategic perspective—the

²⁶Though bearing the odd number designation applied to fighters, the SU-25 is reported as a clear-air close support aircraft (not unlike the American Northrop A-9A).

²⁷According to *Flight International*, August 21, 1982, 30 SU-24 strike aircraft have been deployed to East Germany. The SU-24 is able to fight for control of the air even over NATO territory; but this strategy presupposes advances in Soviet C₃ for such air operations well ahead of the FEBA.

²⁸This figure (80 percent) is supplied by O. Behounek, "RVHP a obranyschopnost Socialismu," *Historie a Vojenství* (Prague, 1980), no. 1;

²⁹I can only make this point in a clumsy fashion, although it is expertly and vastly illuminated in M. Checinski, *op. cit.*

Pact cannot be allowed to wither away. For all its faults and faltering, the Pact still has its uses. ■

FINLAND AFTER KEKKONEN

(Continued from page 383)

ture.¹⁰ Even the Center party's *Suomenmaa*, bitterly disappointed, acknowledged that there was no room left "for negotiations aimed at preventing Mauno Koivisto's election in favor of a non-socialist candidate." The paper feared that Finland was entering a new epoch "marked by uncertainty and a change in the country's policy."¹¹

Foreign observers also proclaimed Koivisto's election, dismissing the electoral college voting scheduled for January 26 as a sheer formality. Radio Moscow acknowledged Koivisto's impressive victory as soon as the results were in, although there was apparently some disappointment in the Kremlin, whose preferred candidate, Ahti Karjalainen of the Center party, had lost his party's nomination to Virolainen.¹²

If the Russians were less than delighted with Koivisto's great triumph, they soon saw the silver lining in it. By January 22, Radio Moscow explained the Finnish election result as "a clear swing to the left" and "a defeat of the bourgeois parties' efforts to stop the Social Democratic candidate." For the first time in Finland's history, "the forces of the left" had captured the presidency.¹³ But a clear expression of Soviet acceptance of Koivisto as a reliable custodian of the Paasikivi-Kekkonen line had to await his first formal visit to Moscow on March 9-11. After the traditional ritual language about "good neighborly relations" had been delivered by both sides, Soviet President Leonid Brezhnev agreed with his Finnish counterpart that "the personal contacts between Finnish and Soviet leaders" that had become such a "useful tradition" in Kekkonen's time should be continued. Each promptly invited the other to pay a state visit to his country in the near future, and each "gratefully accepted" the invitation.¹⁴ The neighborly contact had been duly re-established.

Powerfully built, with massive hands and a friendly looking strong face, "Manu" Koivisto is a man one likes immediately, instinctively. He appears to care about the people he is with, and he knows how to talk with them, be they manual laborers, white-collar workers, or erudite academics. One relaxes in his presence. He seems to have no particular craving or use for the

(Continued on page 400)

¹⁰*Uusi Suomi*, January 19, 1982.

¹¹*Suomenmaa*, January 19, 1982.

¹²See Denis Legras' report from Moscow in *Le Figaro*, January 20, 1982.

¹³Reported in *Hufvudstadsbladet*, January 23, 1982.

¹⁴Communiqué of March 11, 1982 (mimeographed), issued by the Ministry for Foreign Affairs of Finland. See also *The New York Times*, March 29, 1982.

THE MONTH IN REVIEW

A Current History chronology covering the most important events of September, 1982, to provide a day-by-day summary of world affairs.

INTERNATIONAL

Arab League

Sept. 9—Arab League members conclude their 4-day meeting in Fez, Morocco, adopting an 8-point peace plan for the Middle East. One clause calls for U.N. Security Council guarantees so that "all nations" in the Middle East will be able to "live in peace and security," including an independent Palestinian state; some observers say this implies recognition of Israel.

Sept. 22—In emergency session in Tunis, Arab League members call the U.S. morally responsible for the massacre of Palestinians in Beirut, September 16-18; they refuse to agree to a Palestine Liberation Organization (PLO) call for Arab sanctions against the U.S.

International Monetary Fund (IMF)

Sept. 4—The Group of 10, leading industrial democracies and members of the IMF, agree to increase their IMF contributions to make more money available for poorer countries.

Sept. 6—The members of the IMF and the International Bank for Reconstruction and Development (the World Bank) begin their annual week-long meeting in Toronto.

Lebanon Crisis

(See also *Intl. Arab League, U.N.; Egypt; Israel; Lebanon; U.S.S.R.; U.S., Foreign Policy*)

Sept. 1—The withdrawal of PLO (Palestine Liberation Organization) and Syrian troops from Beirut ends. Lebanese security forces say almost 15,000 guerrillas have left West Beirut.

PLO chairman Yasir Arafat arrives in Greece, where he is received by Prime Minister Andreas Papandreou. Arafat says the PLO was not defeated in West Beirut and that it prevented the "barbarian, savage Israeli troops from invading Beirut."

An independent Beirut newspaper reports that 17,825 were killed and 30,103 were wounded in the Israeli invasion of Lebanon.

Sept. 7—Israeli troops withdraw from the positions they took up in West Beirut on September 3.

Israeli Defense Minister Ariel Sharon says that if Lebanon signs a peace treaty with Israel there will be no need to set up a 40-kilometer Israeli security strip in southern Lebanon.

Sept. 9—Israeli planes destroy 4 Syrian surface-to-air missile batteries in eastern Lebanon; an Israeli spokesman says Israel will not permit "the Syrians to introduce ground-to-air missile batteries into Lebanese territory."

Sept. 10—The 800 U.S. marines of the multinational peacekeeping force withdraw from West Beirut.

Sept. 13—Lebanese radio reports 40 dead or wounded in Israeli air attacks on Syrian and Palestinian positions in central and eastern Lebanon.

Sept. 14—Lebanese President-elect Bashir Gemayel is assassinated when a bomb explodes in his East Beirut

headquarters; 25 other Phalangist leaders are killed in the explosion.

Sept. 15—Israeli Prime Minister Menachem Begin orders the Israeli army into West Beirut to prevent the reorganization of the PLO after President-elect Gemayel's assassination.

Sept. 16—PLO head Yasir Arafat demands the return of the multinational peacekeeping force to West Beirut to protect the population from the Israelis.

Despite a U.S. request, the Israeli government refuses to withdraw its troops from West Beirut; the government says its forces are needed in the city to prevent "violence, bloodshed and anarchy."

Sept. 17—The 15 members of the U.N. Security Council agree unanimously to condemn the Israeli invasion of West Beirut and demand the withdrawal of Israeli forces.

Lebanese Christian militiamen enter the Palestinian refugee camps of Sabra and Shatila, which are sealed off by Israeli troops.

Sept. 18—Lebanese Christian militiamen massacre hundreds of unarmed Palestinian refugees in the refugee camps. The militiamen were allowed into the camps by Israeli troops.

The Israeli army denies any responsibility; a spokesman says Israeli troops stopped the massacre as soon as they were aware of it.

Sept. 20—The Lebanese Cabinet calls for the return of the multinational peacekeeping force to Beirut; the U.S., France and Italy agree.

The Israeli newspaper *Haaretz* publishes evidence that senior Israeli military commanders and government officials were aware of the Palestinian refugee massacre as early as September 17; this contradicts official reports.

Sept. 24—350 French soldiers arrive in Beirut.

Sept. 26—The Israeli military command withdraws its forces from West Beirut, clearing the way for the deployment of the Italian and U.S. contingents of the multinational peacekeeping force.

Sept. 27—The Italian contingent of the multinational force arrives in Beirut.

Sept. 29—In Beirut, Phalangist and Western diplomatic sources say that the operation that led to the Shatila-Sabra massacre was planned and directed by high-level Phalangists and the elite corps of the Phalangist militia.

The U.S. contingent of the multinational force arrives in West Beirut.

Sept. 30—An undetected bomb explodes accidentally at Beirut International Airport, killing 1 U.S. Marine and wounding 3 others.

North Atlantic Treaty Alliance (NATO)

Sept. 13—In Brussels, NATO ambassadors agree to continue sanctions against Poland.

United Nations

(See also *Lebanon Crisis*)

Sept. 7—Secretary General Javier Pérez de Cuéllar is

sues his first annual report; he lists "an alarming succession of international crises" where the U.N. has failed to act or been unable to act; he reports that Security Council resolutions "are increasingly defied or ignored by those who feel themselves strong enough to do so."

Sept. 17—The U.N. Disarmament Committee adjourns until February, 1983.

Sept. 19—In a unanimous vote, the Security Council passes a resolution calling for a 50-member force of unarmed U.N. observers to help preserve the safety of Beirut's Palestinians; the Council also "condemns the criminal massacre of civilians in Beirut."

Sept. 21—The General Assembly opens its 37th session.

Sept. 24—The General Assembly votes 70 to 30 (with 43 abstentions) to defeat a resolution introduced by Cuba declaring Puerto Rico a U.S. colony.

With only the U.S. and Israel opposed, the General Assembly votes to condemn the massacre of Palestinians in Beirut.

In Vienna, the U.S. and allied delegates withdraw from the last meeting of the week-long International Atomic Energy Agency conference because the agency has withdrawn the Israeli delegation's credentials to the 110-member agency.

Sept. 27—In an opening address to the General Assembly, Brazilian President João Baptista Figueiredo says that economic "symptoms drastically reminiscent of the '30's are reappearing today."

Sept. 30—U.S. Secretary of State George P. Shultz tells the General Assembly that Israel must be prepared to cede territory in return for peace in the Middle East.

Israeli Foreign Minister Yitzhak Shamir says that Israel will not agree to any further "territorial amputations" and that the Palestinians looking for homes and jobs should be absorbed by the Arab countries.

Warsaw Pact

Sept. 30—Some 60,000 Warsaw Pact forces conclude their "Shield '82" war games in Bulgaria.

ARGENTINA

(See also *U.S., Foreign Policy*)

Sept. 10—Admiral Jorge Isaac Anaya of the Navy and Brigadier Augusto Jorge Hughes of the Air Force rejoin the government of President Reynaldo Bignone.

Sept. 14—The government and British authorities agree to lift financial sanctions imposed during the Falklands War, freeing \$1 billion in Argentine assets frozen in Britain. The British-Argentine trade embargo remains in force.

Sept. 15—A delegation under Ambassador Carlos Ortiz de Rozas exchanges documents with Chile extending the 1972 nonaggression treaty between the two countries.

Sept. 18—Economic Minister Jorge Wehbe announces a ban on the sale of beef in restaurants two days a week, plus price ceilings on milk and bread. A fuel rationing plan will also be put into effect soon.

Sept. 22—20,000 people rally in Buenos Aires to demonstrate against low pay and high inflation; the annual inflation rate is approximately 450 percent.

BOLIVIA

Sept. 17—After only 54 days in office, President Guido Vildoso agrees to resign; the move comes after pressure from the military to return the country to civilian rule.

Sept. 27—The government announces that it will transfer power to a civilian President October 10. The new President will be elected by a Congress that meets October 1.

CAMBODIA

(See *Vietnam*)

CANADA

Sept. 10—Prime Minister Pierre Elliot Trudeau directs 4 of his Cabinet ministers to exchange portfolios; the switch puts the former Energy Minister in the position of Finance Minister, in an attempt to provide a more aggressive economic policy.

Government statisticians report that the August unemployment rate was 12.2 percent, the highest in 50 years.

CHAD

Sept. 5—Colonel Abdelkader Kamougue, head of southern Chad, is overthrown by rebels in his command.

CHILE

(See also *Argentina*)

Sept. 11—On the ninth anniversary of his coming to power, President Augusto Pinochet reaffirms his ban on political activity.

CHINA

(See also *North Korea; United Kingdom, Great Britain; U.S., Labor and Industry*)

Sept. 1—The 12th congress of the Chinese Communist party begins with a speech by former Deputy Premier Deng Xiaoping, China's actual leader. Deng reiterates three basic tasks for China: reunification with Taiwan, the preservation of world peace and the intensification of the "four modernizations."

Sept. 5—The party congress announces the abolition of the post of party chairman, once held by Mao Zedong. Instead, there will be a general secretary and a Soviet-like party Politburo.

Sept. 6—A new party constitution is adopted that stresses collective leadership and forbids "all forms of personality cult," a reference to the power wielded by the late Mao Zedong.

Sept. 10—Deng Xiaoping steps down as party leader to become an adviser to the Communist party.

Sept. 12—It is announced that Hu Yaobang has been named general secretary of the party; former Prime Minister (and party chairman) Hua Guofeng no longer holds a leadership position.

Sept. 25—The Foreign Ministry denies that China has sold low-grade enriched uranium to South Africa as reported in *The New York Times*.

Sept. 30—In Beijing, the Foreign Ministry says that China does not consider itself bound by treaties (dating back to 1842) that ceded Hong Kong to Britain, and that China will recover the territory "when conditions are ripe."

CUBA

(See also *South Africa*)

Sept. 2—Deputy Foreign Minister José Viera asks Japanese and Western bankers to renegotiate the payment schedule for \$1.3 billion in international debts that fall due over the next three years. The government says that falling sugar prices and a scarcity of hard currency prompted the request.

DENMARK

- Sept. 4—Prime Minister Anker Jorgensen resigns after Parliament fails to support his package of spending cuts and tax increases.
- Sept. 10—Prime Minister Poul Schluter takes office; he heads the first non-Socialist government in seven years.

EGYPT

- Sept. 11—President Hosni Mubarak says he favors U.S. President Ronald Reagan's Middle East peace plan of September 1 over the Arab peace plan outlined in Fez, Morocco.
- Sept. 20—The government recalls its ambassador to Israel in "an expression of resentment" over alleged Israeli involvement in the massacre of Palestinian civilians in West Beirut September 16-18.

EL SALVADOR

- Sept. 24—Deputy Agricultural Minister Jorge A. Peña Solano says that the land redistribution program has bogged down.
- Sept. 25—The government announces the arrest of 2 national guard officers for the 1981 murders of 2 Americans connected with the land redistribution program.

EQUATORIAL GUINEA

- Sept. 11—Voters approve a new constitution that guarantees human rights; provides universal suffrage, and calls for a national assembly, local government, and a free judiciary.

ETHIOPIA

(See also *Somalia*)

- Sept. 12—Lieutenant Colonel Mengistu Haile Mariam, Chairman of the Provisional Military Administrative Council, says that Ethiopian troops are not fighting in Somalia; he says that only Somali rebels are fighting.

FRANCE

(See also *Intl, Lebanon Crisis*)

- Sept. 1—Reversing his expansionary economic policy, President François Mitterrand introduces a 1983 budget that scales back public expenditure.

GERMANY, WEST

- Sept. 17—Chancellor Helmut Schmidt's 13-year-old ruling coalition collapses when 4 Free Democratic ministers resign from the Cabinet.
- Sept. 20—A "no confidence" vote on the government of Chancellor Schmidt is scheduled for October 1.
- Sept. 27—The Frankfurt stock exchange posts the sharpest drop in stock prices since World War II; the drop follows local elections in the state of Hesse that gave strong support to the left wing of Chancellor Helmut Schmidt's Social Democrats.

HAITI

- Sept. 24—President Jean-Claude Duvalier grants executive clemency to 22 dissidents, who were sentenced to 6 years at hard labor on August 28 for sedition and for "insulting" Duvalier in print.

HONDURAS

- Sept. 8—General Gustavo Alvarez denies allegations made by Colonel Leónidas Torres Arias on August 31

that he is planning a military confrontation with Nicaragua. Colonel Arias was dishonorably discharged for his remarks.

- Sept. 17—Leftist guerrillas raid a meeting and take 200 hostages, including two Cabinet ministers and the head of the central bank.
- Sept. 25—After releasing the last hostages, the leftist guerrillas leave by plane for Cuba. The government says none of the guerrillas' demands were granted.

INDIA

- Sept. 22—Prime Minister Indira Gandhi ends a 3-day visit to the U.S.S.R. It is reported that during the visit the Soviet Union offered to build a 1,000-megawatt nuclear power plant in India.

IRAN

(See also *Iraq*)

- Sept. 17—Teheran radio reports that former Foreign Minister Sadegh Ghotbzadeh was executed on September 15; he had been convicted of plotting to kill Iran's leader, the Ayatollah Ruhollah Khomeini, and establish a secular government.
- Sept. 23—Khomeini tells Iranian students that they should spy on their classmates and "report . . . deviated [sic] teachers to the authorities."

IRAQ

- Sept. 4—The Iraqi government claims that its forces destroyed 4 vessels in the Persian Gulf, including two tankers, near Iran's Kharg Island oil terminal; Iran denies that any ships were sunk.

ISRAEL

(See also *Intl, Lebanon Crisis, U.N.; U.S.S.R.; U.S., Foreign Policy*)

- Sept. 2—The Israeli Cabinet unanimously rejects U.S. President Ronald Reagan's Middle East peace plan.
- Sept. 5—The government allocates \$18.5 million for three new settlements in the occupied West Bank and announces plans for 7 more settlements.
- Sept. 10—The government rejects the Arab League peace plan outlined September 6 in Fez, Morocco.
- Sept. 14—Labor party leader Shimon Peres denies as "false, ugly and unfounded" the accusations reported in *The New York Times* that President Reagan told him about the U.S. peace proposal before it was presented to Prime Minister Menachem Begin.
- Sept. 15—Security officials close down the Jerusalem Office for Translations and Newspaper Services, the major Palestinian press service.
- Sept. 22—Defense Minister Ariel Sharon tells Parliament that on September 17 he and other senior officials had suspicions about the massacre of Palestinians in West Beirut, but were unable to confirm the reports.
- Sept. 25—A crowd of 400,000 people demonstrates in Tel Aviv, protesting Prime Minister Begin's handling of the Palestinian massacre and calling for the resignations of Begin and Sharon.
- Sept. 28—Prime Minister Begin agrees to establish a judicial commission to investigate the Palestinian massacre.

ITALY

(See also *Intl, Lebanon Crisis*)

- Sept. 5—Following the assassination of a high-ranking police official on September 3, the government an-

nounces the formation of an office to fight organized crime.

JORDAN

Sept. 14—In an interview, King Hussein says that the Middle East peace plan outlined by U.S. President Ronald Reagan on September 1 is "a very constructive and a very positive move." The plan calls for a federation between the West Bank and Jordan.

KENYA

Sept. 21—Raila A. Odinga, the son of former Vice President and expelled Kenya African National Union member Ajuma Oginga Odinga, is charged with treason by the government in connection with the August 1 coup attempt against President Daniel arap Moi.

Sept. 23—Otieno Makayango, the assistant managing editor of *The Sunday Standard*, appears in court and is charged with treason in the August 1 coup.

KOREA, NORTH

Sept. 15—President Kim Il Sung leaves for a visit to Beijing; this is his first trip to China in 7 years.

KOREA, SOUTH

Sept. 2—U.S. officials say that Pfc. Joseph T. White voluntarily crossed the border into North Korea on August 27.

LEBANON

(See also *Intl., Lebanon Crisis*)

Sept. 14—President-elect Bashir Gemayel is assassinated.

Sept. 23—After his election on September 21 by a nearly unanimous vote of Parliament, Amin Gemayel, Bashir's brother, takes office as President. A Maronite Christian, Gemayel pledges to maintain ties with "our Arab brothers."

MEXICO

Sept. 1—President José López Portillo announces that the government is nationalizing all private banks. López Portillo says all shareholders will be compensated and that foreign banks will not be affected. The action will keep the private banks from insolvency.

Sept. 3—300,000 people demonstrate in Mexico City in support of the President.

Sept. 7—Finance Minister Jesús Silva Herzog says that the government has decided not to suspend principal payments on debts falling due in the next 17 months.

Sept. 27—Foreign Minister Jorge Castañeda de la Rosa makes public a letter sent to the Guatemalan government that demanded that Guatemala stop Guatemalan troop incursions into Mexico.

PHILIPPINES

Sept. 1—The secretary general of the Trade Union of the Philippines and 22 other labor leaders are arrested for "investigation and character identification."

Sept. 4—The government formally charges 68 people with conspiring to rebel during President Ferdinand Marcos's visit to the U.S. More than 50 of those charged are labor leaders.

Sept. 15—President Marcos arrives in Washington, D.C., for talks with U.S. President Ronald Reagan on economic aid and the status of U.S. military bases in the Philippines.

Sept. 22—President Marcos says that a recent Amnesty

International report detailing torture and repression in the Philippines is "exaggerated."

POLAND

(See also *Switzerland*)

Sept. 1—Former Communist party general secretary Wladyslaw Gomulka dies.

Sept. 2—For a 2d day, demonstrators clash with police in Lubin, where 2 people were killed on August 31.

Sept. 3—4 leaders of the dissident group KOR are arrested for attempting to overthrow the government.

Sept. 7—The government claims that the group that took over the Polish embassy in Bern, Switzerland, on September 6 belongs to Solidarity; Solidarity denies the claim.

Sept. 14—Western bankers agree to postpone interest payments on Poland's \$3.4-billion foreign debt that is due in 1982. The total foreign debt owed the West is approximately \$25 billion.

SOMALIA

(See also *Ethiopia*)

Sept. 4—Anti-Somali guerrillas claim to have killed 87 Somali soldiers and captured weapons provided by the U.S. in two battles earlier this week.

Sept. 26—The government claims that 320 Ethiopian troops were killed and 200 were wounded in fighting on September 17, 20, and 21.

SOUTH AFRICA

(See also *China*)

Sept. 3—400 black dockworkers are dismissed from their jobs and ordered deported to Transkei and Ciskei, the government-designated black homelands.

Sept. 13—Prime Minister P.W. Botha says his government will declare a cease-fire and allow elections in Namibia if Cuban troops are withdrawn from Angola.

SPAIN

Sept. 1—A spokesman for the Socialist party says that if elected it will demand changes in a Spanish-American defense pact signed in June, because the pact provides inadequate safeguards on nuclear arms transport and U.S. naval use of Spanish harbors.

SWEDEN

Sept. 19—The Social Democratic party wins 46 percent of the vote in the general election, returning to power after a 6-year absence. Olof Palme, Prime Minister during the last Social Democratic government, will assume the same post in the new government.

SWITZERLAND

(See also *Poland*)

Sept. 9—Swiss police capture the 4 gunmen who seized the Polish embassy and took 5 hostages September 6. The group called itself the "Polish Insurgent Home Army" and claimed they would blow up the embassy if martial law were not repealed in Poland.

SYRIA

(See also *Intl., Lebanon Crisis*)

Sept. 19—Palestine Liberation Organization (PLO) chairman Yasir Arafat meets with President Hafez Assad in Damascus; Arafat says that during the meeting there was a "reconciliation" between them.

TURKEY

Sept. 4—Foreign Minister Ilter Turkmen says his gov-

ernment will take action outside Turkey to stop the murders of Turkish officials by Armenian terrorists.

U.S.S.R.

(See also *India; U.S., Foreign Policy*)

- Sept. 8—The Moscow group to "promote observance of the Helsinki agreements in the U.S.S.R." issues a statement announcing its dissolution because of continued government harassment, arrests, and deportations.
- Sept. 15—President Leonid Brezhnev offers a 6-point peace plan for the Middle East; he says the plan is "not at variance" with the Arab conference plan adopted in Fez, Morocco, on September 6.
- Sept. 20—Tass reports that President Brezhnev has written to U.S. President Ronald Reagan asking the U.S. to join with the Soviet Union in "bridling Israel" at the U.N.; the message comes after the massacre of Palestinian refugees in West Beirut.
- Sept. 22—The government denies any involvement in the May, 1981, assassination attempt on Pope John Paul II; NBC News reported on September 21 that there was evidence of a link between the assassin and Soviet agents.

UNITED KINGDOM

Great Britain

(See also *Argentina; China; U.S., Foreign Policy*)

- Sept. 10—A government spokesman says Prime Minister Margaret Thatcher is "displeased" and "outraged" by the sanctions the U.S. imposed on John Brown P.L.C. on September 9 when that firm shipped 6 gas turbines to the U.S.S.R. for use on the Siberian natural gas pipeline to West Europe.
- Sept. 22—Prime Minister Thatcher flies to Beijing for an official visit.
- Millions of labor union members strike and stage mass demonstrations in support of health workers who have been negotiating with the government since April over a pay raise.
- Sept. 24—After meeting for over 2 hours with Chinese leader Deng Xiaoping, Prime Minister Thatcher reads a statement saying that Great Britain and China will continue to negotiate the status of Hong Kong; Britain's lease on the colony expires in 1997 and China does not want to renew the lease.

UNITED STATES

Administration

- Sept. 9—In a speech in Manhattan, Kansas, President Ronald Reagan claims that "recovery has been sighted."
- Sept. 13—President Ronald Reagan proposes new legislation to "simplify the justice system and make it more likely that those who commit crimes pay a price."
- In New York City, special federal prosecutor Leon Silverman reports that a 2d investigation into the possibility that Labor Secretary Raymond J. Donovan has organized crime connections has found no prosecutable evidence against Donovan; the 1st investigation into similar allegations against Donovan also concluded that there was no prosecutable evidence.
- Sept. 14—In U.S. district court in Salt Lake City, testimony begins in a suit against the U.S. government by residents of small towns in Utah, Nevada, and Arizona, who charge that they were exposed to radioactive fallout from above-ground nuclear tests at the Nevada Test Site during the 1950's and early 1960's and that the fallout caused increased cancer and other

diseases among the residents, because of the inadequate warnings issued by the government.

- Sept. 17—Secretary of Health and Human Services Richard S. Schweiker issues new rules governing the program of Aid to Families with Dependent Children; the revisions aim at reducing the costs of the program by \$181 million in fiscal 1983. The new regulations will become effective October 1.
- Sept. 18—In a nationwide radio broadcast, President Ronald Reagan asks Congress to pass legislation that would permit voluntary prayer in public schools.
- Sept. 28—At his 1st news conference in 2 months, President Reagan says that his economic program has brought the country back from "the brink of disaster." The President also says that U.S. Marines will land in Beirut on September 29 and will remain until all Israeli and Syrian troops leave Lebanon.
- Sept. 30—In a report issued today, a 19-member panel appointed by the National Academy of Sciences concludes that there has been "a substantial and serious" transfer of technology to the Soviet Union, "damaging to national security" through trade and espionage.

Civil Rights

- Sept. 15—Speaking to the National Black Republican Council dinner in Chicago, President Reagan claims that President Lyndon B. Johnson's "Great Society" programs left black families and all Americans less well off than if the programs had never been initiated.
- Sept. 22—Speaking to an audience of black educators at the White House, President Reagan says that any failure in his civil rights programs has been only a "failure to communicate what's in our hearts. . . ."

Economy

- Sept. 3—The Labor Department reports that the nation's unemployment rate remained at 9.8 percent in August.
- Sept. 10—The Labor Department reports that its producer price index rose 0.6 percent in August.
- Sept. 21—The Commerce Department reports that the nation's gross national product (GNP) for the second quarter of 1982 rose at an annual rate of 2.1 percent.
- Sept. 23—The Labor Department reports that its consumer price index rose 0.3 percent in August.
- Sept. 26—The Treasury Department reports that on August 31, the federal deficit for 11 months of fiscal 1982 was \$108.95 billion; September figures are not included.
- Sept. 27—The Commerce Department reports that the nation's foreign trade deficit was \$7.1 billion in August.
- Sept. 30—The Commerce Department reports that its index of leading economic indicators declined 0.9 percent in August.

Foreign Policy

(See also *Intl, Arab League, Lebanon Crisis; South Korea; Philippines; Spain; U.S., Administration*)

- Sept. 1—Treasury Secretary Donald T. Regan says that penalties against foreign companies violating the U.S. ban on the shipment of pipeline equipment to the Soviet Union apply only to gas and oil equipment and not to other U.S. products.

In a televised speech from California, President Reagan calls for a halt in the further expansion of Jewish settlements on the Israeli-occupied West Bank and "full autonomy" for Palestinians there and in the

Gaza Strip under some sort of supervision by Jordan; the President says "some clear sense of America's position on the key issues is necessary to encourage wider support for the peace process" in the Middle East.

Sept. 5—Secretary of State George P. Shultz says that "a totally demilitarized area" must be established on the West Bank if that area is to become a Palestinian homeland supervised by Jordan.

A statement issued by the White House press office strongly condemns the Israeli plan to encourage additional settlements on the West Bank.

Sept. 16—State Department spokesman John Hughes calls the Israeli takeover in West Beirut "contrary to assurances" given by Israel and calls for an immediate Israeli withdrawal.

Sept. 28—Secretary of State Shultz meets in New York with Soviet Foreign Minister Andrei Gromyko.

White House Deputy press secretary Larry Speakes reports that all U.S. sanctions against Argentina imposed during the Falklands War have been lifted.

Sept. 30—The Defense Department announces an agreement with Japan under which the U.S. will station up to 50 F-16 fighter-bombers on the Japanese island of Honshu, within range of the Soviet Union, beginning in 1985.

Labor and Industry

(See also *Legislation*)

Sept. 13—The Interstate Commerce Commission approves the merger of the Missouri Pacific and the Western Pacific railroads with the Union Pacific, which will acquire the other two; the Union Pacific will be increased some two and one-half times in size.

Sept. 19—Railroad engineers strike, halting rail service in most of the country except for the northeast corridor.

The Atlantic Richfield Company signs a contract with the Chinese government to drill for oil in the South China Sea off Hainan Island; Arco is the first U.S. company to receive a contract to drill for oil and gas off China's coast.

Sept. 22—The House votes 383 to 17 for legislation directing 26,000 striking railroad engineers to return to work; yesterday, the Senate passed the measure by voice vote. President Ronald Reagan signs the emergency measure, and the strike ends.

Legislation

Sept. 9—In a 301-117 vote, the House overrides the President's veto of the \$14.1-billion supplemental spending bill.

Sept. 10—The Senate votes 60 to 30 to override President Reagan's August 28 veto of the \$14.1-billion supplemental spending bill; this is the first time that the 97th Congress has refused to support the President on major legislation.

Sept. 15—In a 47 to 46 vote, the Senate kills a proposed anti-abortion rider to a bill raising the temporary national debt limit; the rider was sponsored by Senator Jesse Helms (R., N.C.).

Sept. 23—The Senate votes 51 to 48 to refuse to attach a school prayer rider to the bill raising the federal debt ceiling. The Senate passes a bill raising the ceiling with a 50-41 vote.

Political Scandal

Sept. 3—A three-judge panel of the U.S. Court of Appeals for the Second Circuit, sitting in New York City,

unanimously upholds lower court convictions of 4 former Congressmen and 3 codefendants on bribery and conspiracy charges resulting from the Federal Bureau of Investigation's (FBI) Abscam investigations.

VATICAN

(See also *U.S.S.R.*)

Sept. 15—Pope John Paul II meets with PLO chief Yasir Arafat at the Vatican.

VIETNAM

Sept. 13—Hanoi radio reports that 2,000 mass graves containing the bodies of about 54,000 people allegedly killed by Cambodia's Pol Pot regime have been found in two Cambodian provinces. Vietnamese troops have been stationed in Cambodia since 1978, when they overthrew the Communist government of Prime Minister Pol Pot.

WESTERN SAMOA

Sept. 18—Prime Minister Vaai Kolone's election is declared void by the Supreme Court.

ZIMBABWE

Sept. 13—Information Minister Nathan Shamuyarira announces restrictions on the movement of foreign correspondents. The Minister also announces the closing of parts of Matabeleland, the area where 6 foreign tourists were taken hostage July 25.

Sept. 18—5 political rallies scheduled by Joshua Nkomo's Zimbabwe African Peoples Union are banned.

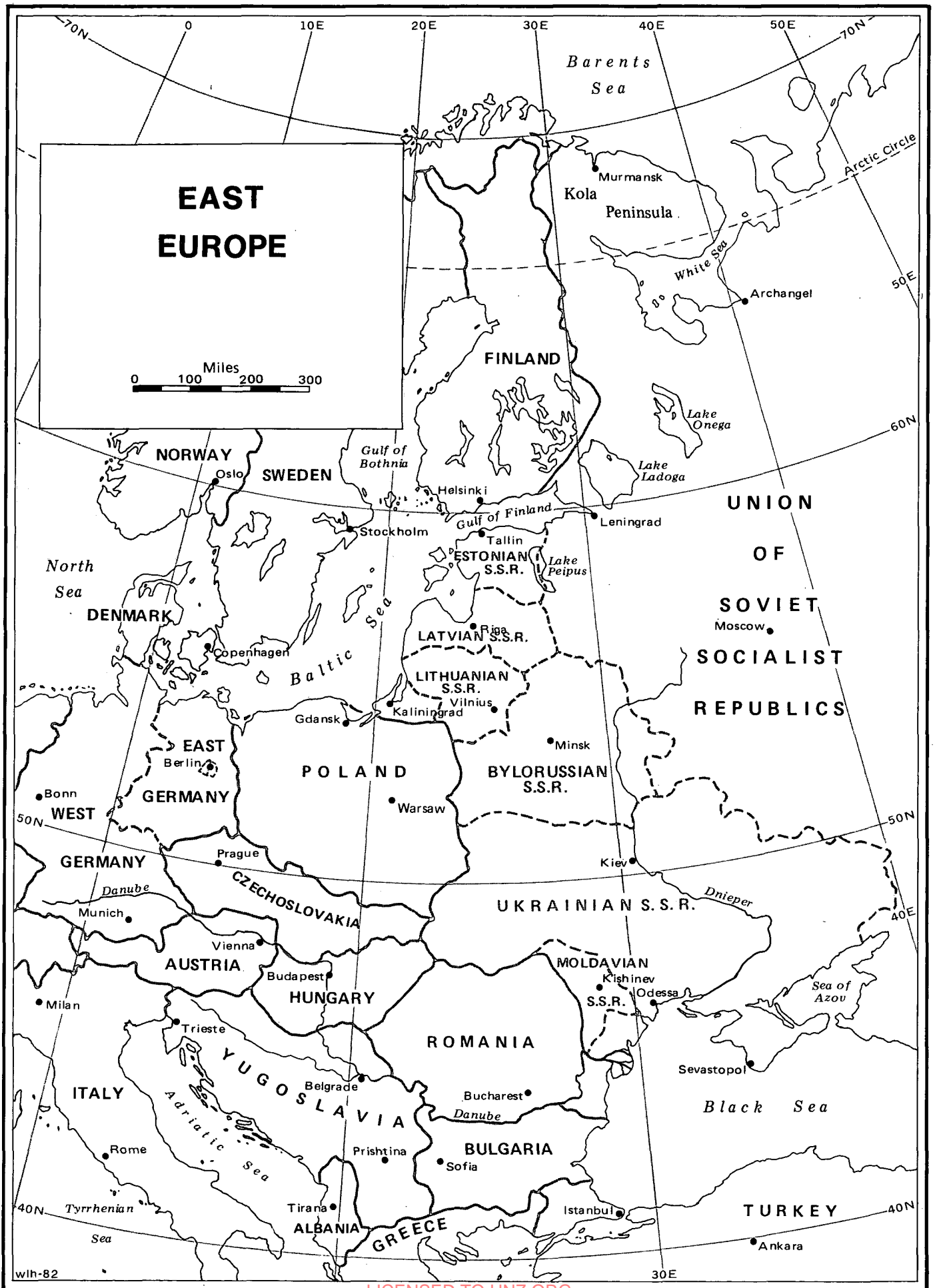
FINLAND AFTER KEKKONEN

(Continued from page 394)

perquisites of power that most Finnish politicians are conspicuously addicted to. He walks to his office in the morning and walks back home at night. He is a man of the people and likes to be where they are. He has a temper, but he is not likely to start another presidential "letter mill" to chastise leaders and citizens who step out of line. Instead, he can be expected to encourage a more open political climate, a more vigorous and freewheeling debate on issues of importance to Finland and its people.

Under the Finnish constitution, Koivisto's powers as President are very great, and he will probably not hesitate to use them if there is a clear indication that he should. But there is no indication that he gets any special satisfaction from the exercise of power for its own sake.

What has changed in Finland with the advent of President Mauno Koivisto is a significant change in the style of leadership. More than his distinguished predecessor, Finland's new leader has faith that people and officials can manage well enough without his counsel or instruction. He is likely to be a less visible force than Kekkonen. But Koivisto is no more likely to tamper with the proven rules of foreign policy behavior. As an avid student of modern history, he knows all too well what the penalty might be for a small and strategically placed country on the border of a powerful Russia, be it Tsarist or Soviet.



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